



Daily Report

East Asia

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ASEAN Secretary General Plans To Visit Burma

BK1807061396 Bangkok BANGKOK POST
in English 18 Jul 96 p 7

[Report by Nutsara Sawatsawang]

[FBIS Transcribed Text] Jakarta — ASEAN Secretary General Ajit Singh plans to visit Rangoon by the end of the year to help Burma prepare for entry into the grouping.

Mr. Singh said he would brief the Burmese government on various aspects of ASEAN activities and discuss any assistance Rangoon may need during the visit.

"The purpose of my visit will be to help Myanmar (Burma) in her preparation to join ASEAN, and we'll be looking at the kinds of assistance they would need and how to help Myanmar integrate into AFTA (ASEAN Free Trade Area)," he said.

AFTA aims to liberalise trade among ASEAN members by the year 2003.

Mr Singh said the itinerary of his visit has not yet been drafted, but an informed source said the trip was expected to take place before the end of the year.

Burmese Foreign Minister Ohn Gyaw invited Mr Singh to Rangoon during the 28th ASEAN Ministerial Meeting in Brunei last year, the source added.

Mr Singh's trip to Rangoon is seen as part of ASEAN's effort to integrate all 10 Southeast Asian countries into its realm by the year 2000.

Cambodia and Laos are planning to become full members of ASEAN next year.

Burma, despite shrill criticism from Western countries, is determined to join the grouping within the next two years.

After attending the past two annual meetings of ASEAN foreign ministers as guest of host countries Thailand and Brunei, Burma is an observer in Jakarta.

Western criticism has prompted calls for ASEAN members to use their influence to affect a change in Rangoon's policy.

But a senior Indonesian official yesterday said ASEAN states would respond individually rather than as a group to a call by Burmese opposition leader Aung San Suu Kyi to help open a dialogue between her party and the ruling military government in Rangoon.

Izhar Ibrahim, director-general of Foreign Affairs said that senior officials of ASEAN countries had "indicated" they had received letters from Mrs Suu Kyi calling for their assistance.

But he said ASEAN's senior officials did not discuss a common stand to respond to the call.

"It's up to individual countries to respond," he said.

Meanwhile, Cambodia and Laos yesterday asked ASEAN for help to develop their human resources ahead of their full integration into the grouping next year.

Among other things they requested training in ASEAN activities and programmes and help enhancing their skills in ASEAN's working language, English.

Burma Rejects Sanctions, Reaffirms Intention To Join ASEAN

BK1907131996 Jakarta Radio Republik Indonesia
Network in Indonesian 1200 GMT 19 Jul 96

[FBIS Translated Text] Burma is an open country and wants to have friendship with all other countries on the basis of mutual respect and peaceful coexistence. Speaking to journalists after meeting ASEAN Secretary General Ajit Singh in Jakarta today, Burmese Foreign Minister Ohn Gyaw said his country would cooperate with any other countries but maintained that no sanctions should be imposed over what happened at home.

Touching on Burma's membership in ASEAN, Ohn Gyaw said the membership would depend on the ASEAN integration process. According to Ohn Gyaw, Burma is strongly keen to become an ASEAN member to contribute positively to regional stability and economic development.

ASEAN Formally Receives Burma as 'Observer' Nation

BK2107102996 Bangkok THE SUNDAY POST
in English 21 Jul 96 p 1

[Report by Anurat Maniphan, Nutsara Sawatsawang]

[FBIS Transcribed Text] The Association of Southeast Asian Nations yesterday formally received Burma as an observer but made clear that its full integration into ASEAN would take some time.

Indonesian Foreign Minister Ali Alatas presided over the reception ceremony, which heard Burmese Foreign Minister Ohn Gyaw pledge to subscribe to ASEAN's principles, and concluded with all seven ASEAN foreign ministers shaking hands with him.

Mr. Alatas noted that ASEAN was acting in line with the vision of its founding fathers to bring all 10 Southeast Asian countries under the same roof.

Indonesian President Suharto, in a separate speech opening the 29th annual meeting of ASEAN foreign

ministers, said he was "deeply pleased" that Burma was "expected" to seek membership of ASEAN "in the near future."

Cambodia and Laos have formally declared that they want to become full members in 1997, coinciding with ASEAN's 30th anniversary. ASEAN leaders at their fifth summit in Bangkok in December set the year 2000 as the target date for all 10 Southeast Asian countries to unite in one community.

But Singapore stressed the need for the economic integration of Cambodia, Laos and Burma to be "well-managed" in order to avoid a "two-tier ASEAN" made up of more prosperous and less prosperous member countries.

Addressing the 29th ministerial meeting, Singapore Foreign Minister S. Jayakumar noted that ASEAN had given Vietnam, after it became a full member last year, three more years beyond the timetable of 2003 to ease into the ASEAN Free Trade Area.

The timing of Burma's admission as full member of ASEAN has been questioned since a report last month indicating Rangoon's wish to do so by the end of 1998.

Mr. Ohn Gyaw on Friday confirmed Burma's interest in early membership by saying "the sooner the better" in response to a reporter's question about Burma's intended timetable.

But in a formal speech delivered at the opening of the ASEAN foreign ministers' meeting yesterday, Mr. Ohn Gyaw added that "necessary procedures" and Burma's "perception of the most appropriate time for joining" would determine the timetable.

"Sufficient time will be needed" for Burma to make "changes and adjustments in its own domestic legal regime, procedures and regulations to be in harmony with those of ASEAN member countries."

With only four years until the target date for integration, ASEAN is looking hard at the time factor.

"ASEAN should ask why it should rush into accepting new members," said a delegate who asked not to be identified by name or nationality.

"Are Cambodia, Laos and Burma ready to join within the coming years? Is their basic infrastructure up to it?" the delegate asked.

ASEAN should review criteria for membership of the grouping, and decide whether these should include the enjoyment of compatible values in the matter of human rights, the delegate added.

Human rights are of international concern, the delegate stressed. In the view of human rights advocates, they

should matter to a grouping that is accumulating an international array of dialogue partners in security and economic affairs.

The European Union earlier this week made clear that ASEAN's integration of Burma could jeopardise relations between the two groupings.

An informed source said the EU had indicated that it would consider cutting Burma's access to the Generalised System of Preferences as a developing country, in retaliation for its failure to democratise, if the United States Congress passed a bill for economic sanctions against the country.

Mr. Ohn Gyaw told the ASEAN foreign ministers that Burma was trying to build a "peaceful, prosperous, modern and developed state based on a multi-party democratic system, and a market-oriented economy."

Burma's Ohn Gyaw Lauds Country's Potential as ASEAN Member

*BK2007101296 Bangkok THE NATION in English
20 Jul 96 p A2*

[Report by Don Pathan, Yindi Loetcharoenchok]

[FBIS Transcribed Text] Jakarta — Although Burma continues to be the target of sharp Western criticism for its harsh suppression of political dissidents, Burmese Foreign Minister U Ohn Gyaw found Friends from the region when he arrived here to attend a meeting of the Association of Southeast Asian Nations (ASEAN).

Ohn Gyaw's presence as an observer at the ASEAN Ministerial Meeting on July 20 and 21, and as a participant in the ASEAN Regional Forum (ARF) on July 23, has drawn strong opposition from Burmese political activists and Western governments which are ASEAN dialogue partners, including Canada, the European Union and the United States.

But the Burmese delegation was given a warm welcome upon arrival on Thursday evening and Ohn Gyaw was the first guest Indonesia's Foreign Minister Ali Alatas, host of this year ASEAN conferences, met yesterday morning.

Emerging from the half-hour meeting with Alatas, the Burmese minister told a hoard of waiting journalists, who had been chasing him for comments, that Alatas had briefed him on the schedule and procedures for the ASEAN Ministerial Meeting, which begins this morning.

Asked to comment on the European Union's recent non-binding resolution calling for economic sanctions

against Burma, the minister dismissed its current impact on Burma.

That is their decision. This is the ASEAN floor. There is no relevancy," he said.

At the ASEAN Secretariat Office, where he later had a meeting with secretary-general Ajit Singh, he said that there was no need to impose economic sanctions on Burma as the country has "opened up" and was enemy to no nation.

You don't have to impose economic sanctions or whatever sanctions. We are opened up, we are not enemies. All of the countries in the world are our friends," he said.

Ohn Gyaw implicitly dismissed the possibility of dialogue between the ruling junta in Rangoon and opposition leader Aung San Suu Kyi. "Dialogue with an individual is different from our perception of dialogue," he said. "One cannot select one particular person," evidently referring to Suu Kyi, although he did not name her.

Laotian Foreign Minister Somsavat Lengsavat yesterday threw his support behind Burma's integration into ASEAN. He lauded the ASEAN policy of constructive engagement towards Burma and the ruling Burmese State Law and Order Restoration Council for its efforts to bring about "national stability" through ceasefire pacts with armed ethnic groups.

"ASEAN has done its best (towards Burma). We, neighbouring countries, know best about each other, and each of us also knows best about itself. We should respect one another," Somsavat said in an interview yesterday.

Ohn Gyaw said Burma could join ASEAN within two years, "but the sooner the better". For the time being, the country would follow ASEAN protocol by first becoming an observer and "then the next step, we will become a member", he added.

The Burmese minister boasted his country's potential as a prospective ASEAN member. "We have a sizeable population. We have resources. We have manpower and we have dedication and a commitment to regional stability."

He disagreed that political instability could hinder Burma's entry into ASEAN. "We have no problems at home," he claimed, contradicting statements made by Suu Kyi that political turmoil in Burma could destabilise the whole of Southeast Asia.

While Burma's relations with Southeast Asia are relatively smooth, its ties with Western governments have always been troublesome.

Burma's Ohn Gyaw's Statement at ASEAN Meeting
BK2107123496 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 20 Jul 96

["Opening statement" by U Ohn Gyaw, minister for foreign affairs of the Union of Burma, in Jakarta, Indonesia on 20 July]

[FBIS Transcribed Text] Mr. Chairman, Excellencies Distinguished Guests, Ladies and Gentlemen:

Allow me to begin by expressing our deep appreciation and thanks to His Excellency President Suharto for his most inspiring inaugural address at the Opening Session of the Twenty-Ninth ASEAN Ministerial Meeting. His statement has clearly laid out the vision for greater and closer cooperation among the countries of Southeast Asia and we are greatly indebted for his farsighted wisdom.

I would like to congratulate His Excellency Mr. Ali Alatas on your assumption of the chairmanship of this meeting. The outstanding leadership qualities you have amply demonstrated throughout your long and distinguished career and your wealth of experience and able leadership will, I am confident, bring every success to this Meeting.

Our sincere felicitations is also extended to His Excellency Datuk Abdullah bin Haji Ahmad Badawi on his election as Vice- Chairman.

May I also pay a well-deserved tribute to His Excellency Datuk Ajit Singh, Secretary-General of ASEAN and his Secretariat for their valuable cooperation in the process of bringing Myanmar [Burma] into the family of ASEAN.

Mr. Chairman:

Here, I wish to recall that during the Fifth ASEAN Summit held in Bangkok last December, the ASEAN Heads of Government pledged that "ASEAN shall work towards the speedy realization of an ASEAN comprising all the Southeast Asian countries as it enters the 21st century." Myanmar's assumption of observer status in the ASEAN today represents a step closer towards the eventual integration of all ten Southeast Asian nations into the ASEAN fold. The realization of an expanded ASEAN is timely and relevant not only to what presently constitutes ASEAN but also to the prospective components of ASEAN.

Myanmar believes that the Association which includes all 10 countries of Southeast Asia brings with it new strength add potential. While the increase in membership means greater diversity, it also means greater

strength and Solidarity. Our countries share many similarities in terms of culture civilization, traditions, customs and historical background. Likewise, there is affinity in our approaches, in our way of thinking and our outlook. Perhaps more importantly, there exists common political will among the leaders of the region that the future lies in enhancing regional cooperation and coordination.

On the other hand, it is to be expected that increased membership will pose new challenges. The existence of differences in the level of economic development, of different political and social systems and the integration of new members in a brief span of time naturally calls for greater accommodation and understanding based on equality and mutual respect. There will be a need for greater knowledge of each other, to try to learn more about one another, so that it will lead to better comprehension of the issues involved and thus paved the way for their successful resolution. The challenges are there. But Myanmar is confident that given the common perception for greater regional cooperation, they can and will surely be resolved. There may be diversity but through our efforts we can achieve unity through diversity.

Mr. Chairman:

With the end of the Cold War, the world situation has changed dramatically and fundamentally. In our South-east Asian region, conditions of peace, tranquillity, mutual understanding and trust have presented an unprecedented opportunity for restructuring intra-regional relationship. The new situation therefore, allows the regional state to pursue their own interest and aspirations in a free and more flexible manner. The time is opportune for us to cultivate and nurture the opportunities at hand.

Mr. Chairman:

Myanmar's national goal is to build a peaceful, prosperous, modern and developed state based on a multi-party democratic system and a market-oriented economy. Due to the unswerving efforts of the Government, Myanmar today is enjoying peace, stability and economic growth as never before in the history of modern Myanmar. The issue of armed insurrection which has plagued the nation since the time of our independence is now virtually over as 16 armed groups have already returned to the legal fold. Moreover, significant progress had been achieved in drafting the guidelines for a new constitution which will ensure the unity, solidarity and sovereignty of the country. In the economic field also, we have been able to lay down sound foundations for economic takeoff. The growing number of foreign investors in the coun-

try attests to the trust and confidence that they have in Myanmar.

In the area of international relations, Myanmar has taken foreign policy initiatives in which domestic priorities are reflected. Myanmar's interaction with the outside world are increasing rapidly. We strive to maintain cordial relations with all the countries in the world. But it has been constant policy that the main component of our foreign relations is to establish closer association with the region through friendly relations and mutually beneficial cooperation.

Towards this end, we have been taking a systematic and step by step approach for closer cooperation with ASEAN. We have attended the ASEAN Ministerial Meetings for two consecutive years as guest of the host Governments. Myanmar's accession to the Treaty of Amity and Cooperation last July was welcomed by the ASEAN Member Countries. The attendance by the Chairman to the State Law and Order Restoration Council and Prime Minister of the Union of Myanmar at the Meeting of the Heads of Governments of the 10 South-east Asian countries, the first time ever by a Myanmar leader to attend an ASEAN initiated forum, underscored its commitment towards eventual integration into ASEAN.

Mr. Chairman:

Myanmar is committed to eventual assumption of full membership of ASEAN. With the attainment of observer status, it will be in a position to learn more about the intricacies and nature of ASEAN. Systematic preparations are being arranged for Myanmar to become a useful and meaningful participatory member in this distinguished regional body. Therefore, the timetable for Myanmar to become a full member of ASEAN will largely depend on the necessary procedures, as well as its perception of the most appropriate time for joining it. Meanwhile, sufficient time will be needed to make the necessary changes and adjustments in its own domestic legal regime, procedures and regulations to be in harmony with those of ASEAN member countries. Given Myanmar's potentials, we are confident that its transition to ASEAN will be facilitated in a brief period. We are fully confident that when the time comes, we will be able to meet our obligations and in turn our active participation in ASEAN will contribute towards greater regional peace, security, progress and prosperity. In this regard, I wish to reiterate our sincere thanks and appreciation to all the ASEAN members and the ASEAN Secretariat for the assistance provided to us in our endeavours for closer integration with the Association.

May I conclude, Mr. Chairman, by assuring you and through you to our ASEAN colleagues that we will

actively contribute our share with a firm determination to meet new challenges in the Twenty-First century in the process of regional and global integration. Thank you, Mr. Chairman.

Indonesian President Addresses ASEAN Meeting

BK2107102196 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 20 Jul 96

["Keynote Address" by Indonesia President Suharto to the 29th ASEAN Ministerial Meeting at the State Palace in Jakarta on 20 July]

[FBIS Transcribed Text] Mr. Chairman, Excellencies, Distinguished Delegates, Ladies and Gentlemen:

On behalf of the people and Government of Indonesia, it gives me great pleasure to welcome all of you to Jakarta and to the 29th ASEAN Meeting. Indonesia is indeed honoured to host this important meeting once again since it was last held here in 1990. In the light of the profound and rapid changes that are altering the international political and economic landscape in the post-Cold War era, the annual deliberations at this Ministerial forum assumes ever increasing importance. We do need to analyze and evaluate the challenges posed and the opportunities offered by these far-reaching changes and ensure that our strategies, programmes and activities are truly responsive to them.

I am deeply pleased that Cambodia and Laos have officially conveyed their requests to become members of ASEAN in 1997 and that Myanmar [Burma], which will be admitted as observer during this annual meeting, is also expected to seek membership in our Association in the near future. We are indeed moving closer to the fulfillment of the vision of the founding fathers of our Association that eventually, All the countries of Southeast Asia will be living in harmony and cooperation within the ASEAN fold.

Excellencies, Distinguished Guests:

In a few years, we will be leaving behind us a century characterized by violence and filled with tragedies. Nevertheless it is also a century that has witnessed astounding successes in the fields of science and technology, particularly in communication and transportation, as well as in social and economic development. I believe that by building on these achievements and seizing current opportunities for more equitable and mutually beneficial forms of cooperation, we can attain for ourselves and for future generations a standard of living that is commensurate to our highest aspirations. To be able to accomplish that, however, we must overcome the enormous challenges that confront humankind today.

For unrelieved tensions and violent conflicts continue to afflict various countries and regions of the world. In the economic sphere, widening disparities and unacceptable inequities continue to aggravate relations between developed and developing nations while a large part of humanity still languishes in abject poverty. The pressures of an expanding global population and reckless consumption patterns in developed countries continue to wreak havoc on the environment. These problems are global and systemic in nature and therefore cannot be solved by any one nation or group of nations no matter how powerful. It would take a global partnership involving all the nations of the developed and developing world to effectively address these problems. But for that partnership to be viable and acceptable, it has to be based on mutual respect, mutual interest and equitably shared responsibility. It also has to uphold the principle of sovereignty and non-interference in the domestic affairs of other countries.

I believe that such a partnership can be attained for already the dialogue that could ultimately lead to its establishment is being carried out in various international forums in which ASEAN and ASEAN countries are actively involved. In our part of the world, such a dialogue and the cooperation that flows from it have flourished because of the relative stability that the Asia-Pacific region has enjoyed for two and a half decades. Without that stability no effective partnership for development can be attained at any level— national, regional or global. For in the first place, development is possible only if three essential and mutually reinforcing elements are at work: stability so that growth is possible, economic growth so that there is more to be shared, and equity in the sharing of the fruits and the responsibility for development.

In pursuit of stability, the ASEAN countries from the very start focused on building national and regional resilience as a basis for regional economic growth while they endeavoured to establish and elaborate on a code of conduct for regional cooperation involving both the countries of the region as well as external powers. In doing so, ASEAN has become a major force for peace and stability as well as for economic cooperation not only in Southeast Asia but also in the larger Asia-Pacific region. It was a prime mover in the peace process that led to the rebirth of Cambodia. In 1994 we launched the ASEAN Regional Forum (ARF) in the hope that, through dialogue and consultation on political and security matters, strategic change in the region could be managed in such a way that a stable relationship among the major powers and the regional powers could evolve peacefully over the next decade. It is also our hope that by promoting the habits

of consultation and cooperation in a spirit of greater transparency and mutual trust, the ARF will prove to be an effective instrument for preventive diplomacy and for addressing such issues of common concern as the overlapping sovereignty and jurisdiction claims in the South China Sea. Let us therefore continue to explore and expand the possibilities of this important forum.

ASEAN countries have also intensified their role as catalyst for economic cooperation by accelerating AFTA [Asia Free Trade Area] and supporting subregional arrangements for special growth areas, by taking on an active role in APEC and by advocating EAEC [East Asia Economic Caucus]. Through its involvement in APEC, ASEAN can help ensure the economic dynamism of the region and also contribute to the global effort to address the disparities and imbalances between developed and developing countries.

Excellencies, Distinguished Guests:

This present Ministerial Meeting takes place in the wake of the successful Fifth ASEAN Summit in Bangkok during which historic decisions were made. Particularly momentous was the signing of the Treaty on the Southeast Asian Nuclear Weapon-Free Zone by all ten Heads of Government of Southeast Asia. This Treaty will strengthen security in the region and contribute towards nuclear non-proliferation at the global level. As such, it is one more valuable contribution of our organization to the making of a world of greater peace. Other important outcomes of that summit meeting include the Framework Agreement on Intellectual Property Cooperation, the Framework Agreement on Services and other agreements amending or updating existing agreements. It was a very fruitful summit and I look forward to working closely with the ASEAN leaders again when we meet informally in Jakarta later this year.

Thus through the years, ASEAN has indeed managed to form an effective network for security, stability and prosperity in the region—by spearheading the ARF and participating actively in APEC, and through such other arrangements and processes in which ASEAN is involved, including the EAEC, the AFTA, the Treaty of Amity and Cooperation and the recently concluded Treaty on a Nuclear Weapon-Free Zone in Southeast Asia. This web of arrangements and processes which complement one another in a positive and synergistic way would be completed if all the nuclear countries would endorse the Nuclear Weapon-Free Zone (NWFZ) in Southeast Asia by acceding to its attached protocol.

Excellencies, Distinguished Delegates:

Each nation has its own unique way of regarding developments and dealing with challenges and opportunities.

We have not, however, allowed our dissimilarities and differences in views to become an occasion of dispute. Rather, we have utilized them to enrich our individual and collective perspectives by sharing insights in the course of candid but cordial dialogue and consultation. That ASEAN has become a highly successful regional institution is a tribute to our solidarity and the quality of the consultations that take place in our forums. And I believe the continued success of our Association will depend to a large extent on our ability to maintain our spirit of solidarity and the high quality, effectiveness and momentum of our ministerial forums.

Excellencies, Distinguished Delegates:

The establishment of the World Trade Organization (WTO) as the embodiment of the results of the Uruguay Round has raised our hopes that the international community would at last be able to rely on a multilateral instrument that can regulate the global trading system in a more comprehensive, transparent, equitable and balanced way. But just because the WTO has been launched does not mean that the inequities and the imbalances of the regime of world trade will be automatically redressed. The rules and regulations of the WTO have to be complied with and its member countries must summon the political will to adhere to its discipline. In this regard, we must express concern over the efforts of some developed countries to side-track the deliberations in the forthcoming WTO Ministerial Meeting to be held in Singapore this December so that the focus will be on matters extraneous to trade. Such efforts will not only denigrate the developing countries, it will also ultimately debilitate the WTO itself.

To deal with this concern, the ASEAN countries need to consolidate their common position against taking up the non-trade issues proposed by the developed countries for discussion at that WTO Ministerial Meeting. I should like to emphasize that, considering the broad range of genuine and urgent trade concerns that the WTO must address, issues for deliberation at the WTO Ministerial Meeting must be confined to and must not deviate from the agenda agreed upon at the Marrakesh Meeting. Moreover, we should do all we can to ensure that the issue of strict compliance by all members with the results of the Uruguay Round should be squarely and effectively addressed.

Excellencies, Distinguished Delegates:

At the Fifth ASEAN Summit, we agreed to intensify the implementation of our functional cooperation so that it would match the pace of our political and economic cooperation. By doing so, we would be adding impetus to the drive to enhance the quality of life of our peoples. A necessary follow-up would therefore be the

consolidation of plans of action in the various fields of functional cooperation in order to give this important dimension of our work greater focus and direction. Moreover, I believe that the scope of our functional cooperation should be enlarged so that it would become an even more effective instrument for the development of our human resources, the enhancement of our technological competitiveness and the strengthening of our social cohesion. These constitute three essential objectives which we must achieve if our peoples are to transform themselves into the ASEAN society that we have long envisioned.

For I believe that by becoming such a society—cohesive, vigorous and competent and at the same time caring and imbued with mutual tolerance—we would be able to greet the arrival of a new century confident that however unpredictable this future era may prove to be, we can surmount whatever challenges it will pose and seize whatever opportunities it will unfold. We would then be in a much better position to contribute to the shaping of a new world order of stable peace, social justice and equitably shared prosperity—which is a shared aspiration among ASEAN nations and, in the case of Indonesia, an objective that its Government has been constitutionally mandated to pursue.

I do hope that the deliberations of the 29th ASEAN Ministerial Meeting will bring us closer to the realization of that aspiration and objective. I have no doubt that it will eventually be realized and that ASEAN will be a major factor in its attainment. For I do have great faith in our collective ability and political will to hasten the advent of a better world and a better life for the peoples of Southeast Asia.

With this hope and this faith and by the grace of God Almighty, I hereby declare the 29th ASEAN Ministerial Meeting officially open.

Thank you.

Indonesia's Alatas Speaks on Nuclear Treaty, WTO
BK2107112596 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 20 Jul 96

["Opening statement" by Indonesian Foreign Minister Ali Alatas to the 29th ASEAN Ministerial Meeting in Jakarta on 20 July]

[FBIS Transcribed Text] Your Royal Highnesses, Excellencies, Distinguished Delegates, Ladies and Gentlemen:

I should like to join His Excellency President Suharto in extending to you my distinguished Colleagues the Foreign Ministers of ASEAN and your Delegations a most cordial welcome to the 29th ASEAN Ministerial

Meeting. May I first offer my congratulations to H.E. Datuk Abdullah bin Hadji Ahmad Badawi, Foreign Minister of Malaysia, on his election as Vice-Chairman of this meeting. It gives me great pleasure to welcome in our midst the Foreign Ministers of Cambodia, the Lao People's Democratic Republic and Papua New Guinea who are attending our meeting as observers. May I also take this opportunity to extend my special greetings and congratulations to our colleague, the Foreign Minister of Myanmar [Burma], who is joining us for the first time as observer. We look forward to exchanging views with all of you on matters that affect our common interests and the peace and prosperity of the region.

During the past year, I have had the privilege of chairing the ASEAN Standing Committee, the mechanism for the coordination and synchronization of ASEAN's cooperative activities and programmes. It has been in all respects a very rewarding experience. I wish to emphasize, however, that the Committee could not have accomplished as much as it did if it were not for the invaluable support extended by my distinguished Colleagues the Foreign Ministers of ASEAN, the Senior Officials, the ASEAN Directors-General and Ambassadors, and especially the Secretary General of ASEAN. I seize this opportunity to thank them sincerely for their splendid cooperation.

Your Royal Highness, Excellencies, Distinguished Delegates:

Since we met about a year ago in Bandar Seri Begawan, the fundamental changes transforming the international political and economic landscape have sustained their momentum, giving rise to uncertainties and instabilities as well as new opportunities for mutually beneficial cooperation among nations. In our part of the world, in spite of tensions attendant to long-standing disputes, we in ASEAN continue to enjoy the relative peace and stability of East Asia and to partake of its economic dynamism.

We convene this meeting half a year after the momentous Fifth ASEAN Summit held in Bangkok during which our leaders made a number of historic and far-reaching decisions. We thus have the opportunity to analyze and evaluate what we have accomplished since then and to map out the course that we should take in faithful implementation of these decisions.

A pivotal decision of that summit is the elevation of our functional cooperation to a level that is equal to that of our political and economic cooperation. This decision addresses the imperative to improve the quality of life of our peoples and to bring shared prosperity to all members of ASEAN through human development, technological competitiveness and social

cohesiveness. It also calls for the integration of our economic and political goals with our social, cultural and environmental objectives so that development is achieved not merely for the sake of material progress but also in terms of spiritual well-being. By giving our Plans of Action for functional cooperation a sharper focus and clarifying their priorities and objectives, and by implementing them with vigour and determination, we hope to build a caring, cohesive and technologically competitive ASEAN society—one that is able to face the challenges and seize the opportunities of a new century. As a people-oriented, people-centred effort, our functional cooperation should now have a strong public information component in order to stimulate the peoples' participation in its programmes and projects.

It was also at the Fifth ASEAN Summit in Bangkok that the ten Heads of Government of Southeast Asia, convened together for the very first time, signed the historic treaty establishing the Southeast Asia Nuclear Weapon-Free Zone (SEANWFZ). This landmark achievement was the fruit of the diligent efforts of the ASEAN countries to contribute to the strengthening of the security of the region and to the maintenance of global peace and stability. We should now exert our best efforts to ensure the treaty's early entry into force—hopefully before the ASEAN Leaders meet for their informal summit in Jakarta later this year. Since the treaty is not meant to undermine the security policies of the nuclear weapon states but rather to achieve security for all countries in the region, we hope that the nuclear powers will soon endorse the treaty by acceding to its protocol. Meanwhile, we in ASEAN should continue intensifying our endeavours to complete the realization of ZOPFAN [Zone of Peace, Freedom, and Neutrality].

At the global level, ASEAN countries are striving in various international forums to help advance the disarmament agenda. In this regard, we should exert all efforts to ensure that the Conference on Disarmament will be able to complete the negotiations toward a Comprehensive Nuclear Test Ban Treaty (CTBT) this year. We have not lost hope that the nuclear weapon states will finally put a higher priority to their non-proliferation and disarmament commitments than to their strategic postures and status as nuclear powers.

In Southeast Asia, we remain concerned over the situation in the South China Sea where a number of overlapping territorial and jurisdictional claims still have to be resolved. We are heartened, however, by the willingness of the parties concerned to resolve their disputes on the basis of international law in general and the 1982 UN Convention on the Law of the Sea in particular. In this regard, Indonesia will continue the series of Workshops on managing potential conflict in

the South China Sea as a useful forum for exploring and undertaking concerted measures that would convert it into an area of mutually beneficial cooperation.

Meanwhile, we acknowledge the significant contributions made by the countries of origin, the first asylum countries and the countries of resettlement in the implementation of the 1989 Comprehensive Plan of Action on the Indochinese refugees, which concluded, according to schedule, on the 30th of June this year. We note, however that sizable numbers of refugees and especially non-refugees still remain in some first asylum centres in the region, including in Indonesia. We therefore call on all parties to the CPA to remain fully committed to the completion of the repatriation and resettlement of the refugees and non-refugees in the shortest possible time.

In the Middle East, we have rejoiced at the historic first Palestinian elections a milestone made possible by progress achieved in the peace process launched in Madrid in 1991 and advanced by the 1993 PLO-Israeli Declaration of Principles and subsequent implementation agreements. We have been further heartened by the final status negotiations between the Palestinians and the Israelis recently launched in Taba. On the other hand, we are deeply concerned over the current critical phase of the peace process following the outcome of the recent general elections in Israel. Indonesia firmly believes that the only way to ensure the continuation of the peace process is for Israel to adhere consistently to the principles agreed upon at the Madrid Conference, particularly the principle of land-for-peace.

As to the former Yugoslavia, we have welcomed the signing at the Paris Peace Conference last December of the General Framework Agreement for Peace in Bosnia and Herzegovina by the states of the former Yugoslavia and other parties involved. It is crucial that all parties concerned strictly comply with its provisions and fully cooperate with the International Tribunal for the Former Yugoslavia and its organs in the discharge of their mandate. We in ASEAN stand ready to extend support to the massive effort to reconstruct and rehabilitate Bosnia-Herzegovina.

Excellencies, Distinguished Delegates:

In the economic sphere, given the dynamism of our region and our purposeful efforts to generate a climate conducive to investment in our export-oriented economies, the ASEAN countries are now in a favourable position to take advantage of surge of globalization and the liberalization of investment and trade that are the hallmarks of the global economy today. We should therefore persevere in our active involvement in such multilateral arrangements and

institutions as the World Trade Organization (WTO) and APEC. With regard to our work in APEC, the Osaka Plan of Action has underlined the commitment of the member economies to the objectives set down in the Bogor Declaration. We should also strengthen the linkage we have already established with Europe through the Asia-Europe Meeting (ASEM) by getting actively involved in the agreed follow-up actions. At the same time, let us keep on pursuing other interregional economic interactions through the ASEAN-CER, the ASEAN-UST, and the ASEAN-MITI dialogues. Such linkages could help neutralize any tendency to develop exclusive economic or trading blocs and thereby help safeguard ASEAN's competitiveness in export markets.

We are, however, alarmed at the tendency of developed countries to resort to a new form of protectionism in the guise of linking labour standards and other social and environmental concerns to trade. Not only would this stifle the trading capabilities of developing countries but could also lead to the unravelling of the hard-won balance of rights, obligations and interests of all parties that the WTO is mandated to foster.

We call upon all trading partners to refrain from overloading the agenda of the WTO with issues extraneous to trade. Let us together nurture it as the guardian of a predictable, nondiscriminatory multilateral trading system and the guarantor of the rights of the weaker trading partner against unilateral and arbitrary actions of the strong.

Also of major concern to ASEAN is the issue of financial flows and investments which, as a matter of development strategy, we have always welcomed. We recognize that the sheer magnitude of international capital flows across borders and the growth of vast capital markets could exert a destabilizing influence on the national economies of our region. It has therefore become absolutely necessary for ASEAN economies to increase their cooperation in the field of investment so as to mitigate the possible negative impact of such massive capital flows. Moreover, closer investment cooperation will also be required in the face of moves by certain developed countries to forge a multilateral investment agreement which appears to downgrade the interests of recipient developing countries.

To strengthen economic cooperation among ASEAN countries, the Leaders of ASEAN launched during their Fifth Summit Meeting a new series of economic policies and initiatives. The decision to expand AFTA's product coverage and to accelerate the time frame for its completion has been aimed at increasing the momentum towards free trade in the region. We have now also broadened the base of ASEAN cooperation so that, aside

from tariff reduction, it now increasingly involves trade in services, intellectual property rights and investments—sectors of relevance to our strategic objective of industrial growth early in the next century. ASEAN Sectoral Ministers and Senior Officials, including those responsible for finance and for development planning, have set into motion new initiatives and followed up existing programmes to support and intensify economic cooperation. We will also continue the promotion of subregional arrangements in the form of growth areas which constitute important venues for ASEAN economic cooperation and are necessary to accelerate economic growth in the region.

Excellencies, Distinguished Delegates:

If ASEAN has become widely recognized as an effective force for dialogue and cooperation, it is partly because of the vigour and quality of our external relations pursued through our dialogue partnerships. In the face of economic globalization and deepening interdependence, there is today an even greater need to promote our common interests and to exchange views on regional and global issues with the very countries and organizations whose decisions and actions impact on those issues. In this regard, we urge our Dialogue Partners to substantiate their commitment to the maintenance of peace and stability, to the liberalization of trade, investments and technology transfer and to explore new ways of making our cooperation more effective and more mutually rewarding.

And as we steadily move toward becoming the ASEAN-10, that is how we shall continue to work—as practitioners of an enlightened regionalism with a global embrace. The stability and dynamism of our region today prove that we have indeed managed to harness this tremendous force for the social and economic benefit of our peoples. Let us keep this force working for us so that we may be able to bring about a better life for future generations of Southeast Asians.

In the next few days we will engage in intensive deliberations on the issues I have touched upon and many more. The challenges before us are formidable but they are amply matched by the potentials of ASEAN. Our mandate from the Fifth ASEAN Summit is clear: To move forward and open up a new phase of cooperation among ourselves and with our friends around the world in a new global partnership for development. Let us therefore proceed!

Vietnam's Nguyen Manh Cam Speaks on Regional Security

BK2107122996 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 20 Jul 96

["Opening statement" by Vietnamese Foreign Minister Nguyen Manh Cam to the 29th ASEAN Ministerial Meeting in Jakarta, Indonesia on 20 July]

[FBIS Transcribed Text] Mr. Chairman, Your Royal Highness, Excellencies, Ladies and Gentlemen:

On behalf of the Vietnamese delegation to the 29th AMM [ASEAN Ministerial Meeting], I would like to express our gratitude to H.E. Mr. Suharto, President of the Republic of Indonesia for his important and profoundly thoughtful opening speech, which has strongly inspired the meeting and sharpened the determination of all of us in our endeavour to build a Southeast Asia of peace and cooperation, and an expanded ASEAN of solidarity and prosperity.

From this rostrum, I would like to convey to the Government and people of Indonesia our heartfelt congratulations for their impressive achievements recorded in the course of national development and express our deep appreciation for the generous hospitality accorded to us and for the excellent arrangements which guarantee the success of the meeting.

I also wish to join my ASEAN colleagues in warmly congratulating Your Excellency, Mr. Ali Alatas, on your election as Chairman of the 29th AMM. Your rich experience and the talented leadership you demonstrated in guiding the work of the ASEAN Standing Committee during the past year full of important events give us full confidence that the discussions to be conducted under your chairmanship will be crowned with success.

We would also like to sincerely congratulate H.E. Datuk Abdullah Haji Ahmad Bodawi, Minister for Foreign Affairs of Malaysia on his election as Vice-Chairman of the Meeting. We believe that under his guidance, ASEAN will see next year new developments.

From the bottom of my heart, I wish to extend our warm welcome to H.E. Mr. U Ohn Gyaw, Foreign Minister of Myanmar [Burma], who attends our meeting as a new ASEAN observer. Myanmar's accession to the Bali Treaty and her observer status represent a new and very significant step towards the goal of an ASEAN encompassing all the 10 Southeast Asian countries. I would also like to warmly welcome our esteemed colleagues, H.E. Mr. Somsavat Lengsavat, Foreign Minister of the Lao People's Democratic Republic, H.E. Mr. Ing Huot, Foreign Minister of the Kingdom of Cambodia, and H.E. Mr. Kilroy Genia, Foreign Minister of Papua New Guinea.

Mr. Chairman:

A full year has elapsed from Bandar Seri Begawan to Jakarta. Within such a short period of time, ASEAN has marched a long step forward on the path of strengthened peace, broadened cooperation, accelerated development and enhanced international status of the Association.

Peace has inherently been the earnest aspiration of the people of our countries and a vital condition for the prosperity of all nations. With the signing of the Treaty on Southeast Asia Nuclear-Free Zone, the Southeast Asian countries have not only laid another major stone on the foundation of regional peace but also significantly helped move the world a step forward onto the future free from this horrible weapon of massive destruction. We look forward to the nuclear weapon states meeting the legitimate interests of the Southeast Asian people by early acceding to the Protocol in order to ensure the full effectiveness of the Treaty. For our own interests and those of the world, the ASEAN countries have actively contributed to the course of disarmament, especially to the drafting of the Comprehensive Test Ban Treaty with a hope for a safer world.

We are now enjoying an atmosphere of relative peace and stability. However, there still exist in the region elements that may lead to instability and threaten the somewhat fragile peace. The dispute in the South China Sea - which in Vietnam we call the Eastern Sea - has long overshadowed the sky of the region. The recent developments here have increased the concern of regional countries and therefore continue to demand countries concerned to exercise self-restraint, soften the disputes in full accordance with the Manila Declaration of ASEAN Foreign Ministers on the South China Sea, scrupulously comply with the international law, especially the 1982 UN Convention on the Law of the Sea, and strictly respect national sovereignty, including the sovereign rights over the exclusive economic zone and the continental shelf of littoral countries.

Profoundly conscious of the need for peace and stability for development, ASEAN countries have perseveringly acceded to the spirit of the 1992 Manila Declaration and spared no efforts through bilateral and multilateral, formal and informal, dialogues among countries concerned to seek a fundamental and long term solution or at least for the time being, tension can be eased and a breakthrough for cooperation achieved.

Bearing in mind that peace is indivisible, ASEAN has, on the one hand, genuinely cared for peace in Southeast Asia and on the other hand, made constructive contributions to the reduction of tensions in other parts of the world. By the virtue of its constructive attitude and prestige, ASEAN will certainly contribute, in a

practical and effective manner, to the course of peace in Asia-Pacific and the world over.

Mr. Chairman, Ladies and Gentlemen:

Cooperation is not only an aspiration but has now become a trend - an important factor which guarantees the growth of each of our nations. We are witnessing a tendency of increasingly broadened and deepened cooperation among ASEAN countries and between ASEAN countries on the one hand and their dialogue partners, countries in Southeast Asia, Asia-Pacific and other regions on the other respectively.

The decision of the Fifth ASEAN Summit in Bangkok to convene an annual Informal Meeting of ASEAN Heads of Government is a new important step forward in the process of reinforcing ASEAN cooperation, undoubtedly, the first Informal Summit to be held in Indonesia by the end of the year will generate a stimulating force for our cooperation. Additionally, ASEAN is committed to accelerating AFTA (Asia Free Trade Area) implementation process. Expanding cooperation in such sectors as service, intellectual property rights, investment, energy.... The decision to elevate functional cooperation to a higher plane will render ASEAN cooperation more balanced and diversified, supplementing efforts to further the growing political and economic cooperation. In a nutshell, we have grounds to state that last year ASEAN cooperation saw a greater in-depth, broader scope and was on a higher plane, thus meeting the development needs of the member countries.

Last December in Bangkok, the Heads of Government of 10 Southeast Asian countries met for the first time in history, which augurs well for the ASEAN expansion in all Southeast Asia. Myanmar's observer status and the groundwork made by ASEAN together with Laos and Cambodia to prepare for the admission of these two countries into ASEAN next year have paved the way for a new synergy, maximizing the cooperation potential for growth of the entire region. These circumstances have, on the other hand, given rise to new problems which require appropriate approach. In face of an eventually greater ASEAN which is comprised of countries at different levels of economic and technological development and with different cultures and historical backgrounds, there emerges a need on how to keep those differences from slowing down the ASEAN growth pace and concurrently from creating difficulties for those countries of lower level of development. It is beyond doubt that the ASEAN 'team spirit' and the compliance with the motto of 'unity in diversity' will allow us to successfully address this problem.

Along with the expansion of economic linkage through the pattern of growth triangle and quadruple, the initiation of the ASEAN-Mekong Basin Development Cooperation plan at the Fifth ASEAN Summit has further enriched ASEAN cooperation. In this regard, I welcome Malaysian active involvement in coordinating the cooperation for a sub-region endowed with ample potential and promising prospects. Given the dimension and significance of development cooperation in the Mekong Basin, we look forward to the response and support from countries within and outside the region, from regional and international financial and monetary institutions as well as the active participation of business sectors.

We are delighted to welcome India, China and the Russian Federation as full dialogue partners of ASEAN. This new development has brought the number of ASEAN dialogue partners up to 10 including 9 countries and the EU, adding to the strength and prestige of the Association, and contributing to the expansion of cooperation for the regional and world peace and development.

Another major milestone of extreme importance for the cooperation between ASEAN and the outside world was the first Asia-Europe Meeting (ASEM 1) convened at the ASEAN initiative and with its constructive and active contribution. This historic Asia-Europe Meeting has completed the cooperation links of the major triangle among East Asia, North America and Western Europe, opening up new opportunities for interactions for the benefit of development.

All these developments bear a forceful testimony to the ASEAN dynamism, its great contribution to regional and world peace and development and the increasingly enhanced position of ASEAN - a regional organization with growing worldwide prestige, they constitute the very supportive factor ensuring the development of each member country and the whole Association.

Some signs of recovery are now being registered in the world economy as the trend of globalization and regionalization continues to prevail, providing us with new advantages for boosting development. Nevertheless, we are encountered with new challenges such as fierce competition, aggravating environmental pollutions, emergence of no-small number of pressing social problems, disparity between inadequate infrastructure and the pace of growth and urbanization. No single country in our region can solve these problems alone in the absence of cooperation with other ASEAN members and the outside partners. Never before, the need for development cooperation has become more urgent for each of us than now.

Mr. Chairman:

1996 is the beginning of the last five years before we enter into the 21st century. What is most important is how to transform the peace restored in the region into a durable and lasting foundation. On that foundation and on the ground of cooperation and development, ASEAN with its growing international position will have full capability of and confidence in attaining the defined objectives.

Next year, we will welcome new members. This calls for our additional efforts to both assist their early integration in the great ASEAN family and speed up the ASEAN growth.

As the contents and scope of ASEAN cooperation keep growing and broadening, more efforts from all member countries as well as a better and more efficient coordination within ASEAN are needed in order to make the ASEAN cooperation more fruitful. Though a young member, Vietnam undertakes to contribute its part to the discharge of ASEAN enormous tasks.

Mr. Chairman, Dear colleagues, Ladies and Gentlemen:

Two weeks ago, an event of great importance took place in Vietnam - the 8th Party Congress. The Congress has reiterated that Vietnam will continue to follow the policy of renewal and bring it up onto a higher plane with the central task being notional industrialization and modernization, striving to turn Vietnam into a basically industrialized country by 2020. In addition, the Congress stressed the need to secure an international environment conducive to the realization of that target. To this end, Vietnam will continue to pursue its foreign policy of independence, sovereignty, diversification and multilateralization of external relations to accelerate its regional and global integration, in which ASEAN cooperation is a priority. I would like to take this opportunity to convey our deep gratitude to ASEAN countries and APEC members for their support for Vietnam's application to join APEC - an inevitable step in the process of Vietnam's integration into the region and the world.

This July marks the first anniversary of Vietnam's full membership in ASEAN. Vietnam's entry into ASEAN has created an environment supportive for its growth, enabling it to boost up the cooperation with other ASEAN countries and within ASEAN framework, to further enhance its status and to make a greater contribution to regional peace and cooperation. Vietnam's integration into ASEAN is not a process without discomfort due to a fact that the economic, financial and human resources difficulties abound and market mechanism is being shaped up. Considerable efforts have been undertaken by Vietnam in implementing CEPT [Common Effective Preferential Tariffs], participating in ASEAN

various cooperation activities in many fields and contributing to the ASEAN common work in the region and across the world.

Vietnam's smooth participation in ASEAN are attributed not only to our own efforts but also to the constructive cooperation and practical assistance of other ASEAN countries. Like many other countries, we hope that Vietnam will continue enjoying the sympathy, cooperation and assistance from the regional and international community so that we are able to further contribute to the realization of ASEAN noble objectives.

Mr. Chairman, Your Royal Highness, Excellencies, Ladies and Gentlemen:

If just last July, we were welcomed at the 28 AMM as a newcomer then we are present here today, like an old member offending a family gathering. We come here to renew our commitments to ASEAN and express our full confidence in the success of the shared undertaking that we all pursue. On the eve of the 21 century, ASEAN is showing its dynamism and adaptability to the sweeping and profound changes occurring in the world. ASEAN is attesting to the vitality as the most successful regional organization, effectively protecting the member countries' interests under whatsoever circumstances while always preserving independence and sovereignty. ASEAN is looking forward to the 21st century with clearer objectives and stronger commitments. We have sufficient grounds to convincingly believe in the success of ASEAN in its voyage into the first century of the next millennium.

Thank you.

Thailand's Annual Addresses ASEAN Meeting

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["Opening statement" by Dr. Amnuai Wirawan, deputy prime minister and minister of foreign affairs of Thailand, at the 29th ASEAN Foreign Ministerial Meeting in Jakarta, Indonesia on 20 July]

[FBIS Transcribed Text] Mr. Chairman:

On behalf of the Thai Delegation, I wish to join my ASEAN colleagues in extending our congratulations to you, Mr. Chairman, and to His Excellency Datuk Ahmad Badawi, Minister of Foreign Affairs of Malaysia, our newly elected Vice-Chairman. The enormous amount of work ASEAN has accomplished during your chairmanship of the 29th ASEAN Standing Committee owes much to your able leadership. I thank you for the close cooperation the Thai side has enjoyed from you and your colleagues throughout the year.

Earlier this morning, we benefited tremendously from the thoughts and reflections of his Excellency President Suharto. His profound insights and wisdom continue to be an inspiration to all of us in ASEAN.

At this point I should note that although I have only recently "joined the club," so to speak, I am hardly a stranger to ASEAN affairs. Over the past three decades, my various official capacities have made me feel very much an integral part of the ASEAN process. As Foreign Minister, I am proud and pleased to be directly involved with ASEAN, particularly at a time when the organization is building upon its gains to secure a bright future for the region's post-Cold War generation.

I am most pleased to extend my warm greetings to Their Excellencies, the Minister of Foreign Affairs of Laos, the Minister of Foreign Affairs of Cambodia, the Minister of Foreign Affairs of Papua New Guinea and the Minister of Foreign Affairs of Myanmar [Burma], the last of whom I wish to welcome as ASEAN's newest Observer.

A New Era of Peace and Cooperation

Mr. Chairman, Over the past year, ASEAN has taken some momentous decisions that promise to further transform the lives of hundreds of millions of people in our region, as well as the role of ASEAN on the international stage.

At their summit in Bangkok in December 1995, the ASEAN leaders announced an ambitious programme to prepare ASEAN for the next century. This programme, embodied in the Bangkok Summit Declaration of 1995, consists of three broad goals:

- to include all ten countries of Southeast Asia within ASEAN;
- to achieve greater ASEAN economic integration;
- and to elevate ASEAN's functional cooperation to a higher plane.

I am pleased to note that even in the short period since, much progress has been made.

After their historic meeting with the ASEAN heads of government, the leaders of Cambodia, Laos and Myanmar are taking further steps towards greater integration with ASEAN. Laos and Cambodia have submitted their application for membership in ASEAN, and preparation for their entry are underway. In the meantime, joining us as an Observer is Myanmar, which we hope to welcome in the near future as a member of the ASEAN family. Thailand will continue to render all necessary assistance and cooperation to prospective members, so

that our goal of one Southeast Asia under ASEAN may be realized as soon as possible.

Even though ASEAN may come to embrace all the countries of Southeast Asia, the community of nations we aspire towards will not spring forth spontaneously. The end of courtship will mean a new beginning in which even more elbow grease will be required of us to make the union work.

To remove any doubt about the viability of the post-Cold War, expanded ASEAN, our region's enormous potential needs to be matched with clarity of vision, a firm commitment to that vision and concrete action to follow through. We must be prepared to give more to ASEAN, for only then can we receive more from ASEAN.

It is now common knowledge that we live in a world of greater interdependence than at any time in history. Not only is interdependence growing among nations. It is also discernible in the multiplying linkages across issue areas. Political, economic, social, environmental and technological issues have the potential to affect one another, often in unexpected ways. Moreover, economic interest has replaced political ideology as the predominant motivation in international affairs.

We may never again have such a window of opportunity. Now is the time to tackle difficult issues. We must take tire initiative on issues that affect the welfare of our countries and our region, not only in the short run but also in the long run.

Strengthening ASEAN's External Relations

Mr. Chairman, The precarious years of the Cold War have left us with a strong sense. Of the necessity of a secure and stable regional environment. The ASEAN Regional Forum [ARF] now provides an informal setting in which ASEAN and its partners are able to comfortably engage in frank discussions on regional security issues. This is in itself valuable, for it raises the comfort level and builds greater trust and confidence among the participants. But if we are to take the ARF further, we should not be reticent to address all issues that affect regional security, in this day and age of interdependence, instability anywhere can spill over into the regional and even international areas. The true test of the ARF will be in how effectively it identifies and defuses potential crises in the region before they break out. We are confident that the two new members, Myanmar and India, will work closely with ASEAN in the maintenance of peace and stability in region.

Of concern to ASEAN is the Treaty on the Southeast Asia Nuclear Weapon-Free Zone, which the ten South-

east Asian leaders signed during the 5th ASEAN Summit. Every effort should now be made to hasten the ratification of the Treaty. In the meantime, ASEAN will continue to work with the nuclear powers so that they may sign the Treaty's Protocol at the earliest possible date.

While focusing our attention on regional issues, ASEAN must continue to stay on top of developments in other regions of the world. As our economic interests grow to span the globe, and as global issues tend increasingly to have local repercussions, ASEAN needs to play a more active role in world affairs. We can no longer afford to only react to situations that arise, but must be more proactive in setting the global agenda. ASEAN must engage itself actively in international debates and action on such issues as UN reform, disarmament, the environment, terrorism, human rights and narcotics. With a strong voice, we will be able to ensure that our interests and concerns are fully protected on the international arena.

In March this year, Thailand had the honour of hosting the inaugural Asia-Europe Meeting (ASEM). This meeting, held at ASEAN's initiative, successfully launched the new Asia-Europe Partnership, for Greater Growth. ASEAN was able to play an instrumental role in linking two of the most important economic centres of the world.

The success of the meeting can be attributed to the high level of trust and confidence ASEAN was able to secure from the participating countries and group of countries through our dialogue relations with them. Much work lies ahead to ensure that this new partnership proceeds on track. ASEAN must continue to play a central role in the follow-up process. We should also continue to use our bilateral dialogue relations to complement our efforts in the ASEM process.

In the next few days we shall have the pleasure once again of greeting and exchanging views with our dialogue partners. This year, we will be welcoming India, China and Russia to the PMC [Post-Ministerial Conference] process for the first time as our newest dialogue partners. Thailand continues to value greatly this aspect of our annual meetings. Through consultations with our partners, we also complement our individual bilateral relations with them.

Shaping Our Economic Future

Mr. Chairman: Our political achievements underscore our on-going efforts and successes in the economic area. Not only have ASEAN member countries sustained some of the highest economic growth rates in the world, intra-ASEAN trade and foreign direct investment in the region have also increased significantly. Intra-

ASEAN trade reached 70 billion US dollars in 1995, of which CEPT [Common Effective Preferential Tariffs]-AFTA [ASEAN Free Trade Area] products accounted for some 60 billion US dollars. The gains from the early realization of AFTA could make these figures pale by comparison,

In this connection, we are pleased to note that ASEAN member countries have phased in over 45,000 items, including over 1,300 lines of unprocessed agricultural products, into the CEPT tariff reduction scheme. We must find the will power to overcome the barriers that prevent us from liberalizing intra-regional trade to the fullest extent possible. It would be in our interest to try to do away with the Sensitive and Temporary Exclusion Lists as soon as possible. All over the world, the laws of the marketplace have proven time and again to be the most effective in the allocation of scarce resources. Economies which fail to heed the market can indeed enjoy short-term growth, but in the long term, the market is ignored at one's own peril.

Liberalization of trade will raise the quality and competitiveness of our products to the benefit of our consumers, industries and economics. It should be our position in the forthcoming inaugural WTO Ministerial Meeting in Singapore in December this year.

To further complement international efforts to liberalize trade, we should impress upon all APEC member economics to submit their action plans for the implementation of trade and investment liberalization in the region. We hope that by the APEC Economic Leaders Meeting in Manila in November this year, we will have credible and feasible action plans of all member economics.

Reducing and eliminating tariffs do not by themselves lead necessarily to greater economic interaction, for tariffs are not the only barriers to trade. Non-tariff barriers still exist in many of our economics, vestiges of a bygone era where global economic competition was much less fierce and the need for efficiency less urgent. While the phasing out of such barriers is often contingent on politically sensitive domestic factors, the fact remains that economic liberalization in Southeast Asia cannot be complete without the elimination of all types of barriers to trade and competition.

Another way to boost economic interaction is the progressive implementation of trade facilitation measures. We should work harder to harmonize our procedures and practices related to trade, such as in the areas of customs and transport. Of immediate concern is the facilitation of goods in transit and labour movements across borders. Economic globalization means that corporation increasingly relocating their operations abroad

to retain their competitiveness. The resulting increase in the flow of capital, goods and manpower across borders means greater economic benefit for all countries concerned. We need to take the initiative in facilitating this process, which plays an ever more important role in the region's economic development. It is also important to expedite negotiations to implement the agreement on services, intellectual property, industrial cooperation and to establish the ASEAN Investment Area. We further welcome the establishment of the Secretariat of the ASEAN-CCI (Chamber of Commerce and Industry) at the premises of the ASEAN Secretariat to underscore the importance we accord to the role of the private sector.

At the ASEAN Summit in Bangkok last year, it was agreed that greater economic interaction and linkages between ASEAN and other riparian states in the Mekong subregion should be stepped up. The basic framework adopted by the Ministerial Meeting on ASEAN-Mekong Basin Development Cooperation in Kuala Lumpur on 17 June 1996 demonstrates that all eleven core-countries leave the political will to work toward this end. This cooperation will help to strengthen the economic development of ASEAN's prospective members, which constitute part of the core-group, and bring communities in ASEAN closer together to others in the Mekong Basin. Let us demonstrate our commitment further by mobilizing the necessary funds to achieve the objective of the Basic Framework.

Reinforcing ASEAN's identity

Mr. Chairman: Next year we will be celebrating the thirtieth anniversary of the establishment of our organization. For a human being, 30 years would mark one generation. For ASEAN, the 30-year mark should be a time when ASEAN moves to forge a strong common identity based on shared interests and values.

ASEAN has always sought to maintain a reasonable balance between economic and social development. While focusing on economic cooperation, ASEAN has consistently pursued cooperative activities in the fields of science and technology, social development, culture, information, the environment and narcotics control.

The dizzying changes in today's world pose unprecedented new challenges of our society's well being and capacity to adapt. While economists can point to skyrocketing growth figures, it is our people who feel the crunch of urban overcrowding, of environment degradation, of trying to keep up in a world ever more dependent on knowledge and technology. We must ensure that people remain the top priority on our agenda. Their quality of life must be improved if our economic growth is to have a purpose outside of balance sheets. We must

never lose sight of the fact that the primary intended beneficiaries of all our efforts are our people. When we talk of such goals as human development, technological competitiveness and social cohesiveness, we are talking about people.

Given the importance of our people in the scheme of things, should encourage them to play a greater role in the development of the region and of ASEAN. The complexities of modern life mean that centralized authority is no longer adequate to the myriad demands of a vibrant, thriving society. The people must have a greater say in how their countries and region are run, through institutions design to channel popular energies in positive directions. With economic growth it is but a matter of time before the people who fuel that growth demand their reward in the form of greater say over their own destinies. Sooner or later, ASEAN must become a people-based organization to remain effective. We are gratified that ASEAN-ISIS [Institute of Strategic and International Studies] has studied the idea of an ASEAN Assembly, which would bring together people from various walks of life in consultation with ASEAN officials. We urge ASEAN to seriously consider this idea and take concrete action towards its implementation.

In promoting the well-being of our people, our agenda should also address the issues that transcend our borders, affect our lives, and speak of who we are as nations and as a region. These issues include but are by no means limited to narcotics, economic crimes, including money laundering, environment and illegal migration. We should adopt a forward-looking collective stance in tackling these vital questions, since to ignore them would hold us back from achieving our full potential. These issues and how we deal with them are crucial to the viability of ASEAN and of our individual nations. I therefore propose that we mandate the ASEAN Secretary-General to prepare a study identifying the major transnational issues that affect ASEAN and their implications for ASEAN growth. I would suggest that the study be submitted to the ASEAN Heads of Government for consideration at their informal meeting in Indonesia later this year.

In conclusion, Mr. Chairman, I wish to take this opportunity to express our warm gratitude to you, and through you, the government and people of Indonesia for the warm hospitality accorded to me and the Thai delegation.

Thank you.

Cambodian Foreign Minister Addresses ASEAN Opening

BK2107132296 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 20 Jul 96

["Opening statement" by Cambodian Foreign Minister Ing Huot to the 29th ASEAN Ministerial Meeting in Jakarta, Indonesia on 20 July]

[FBIS Transcribed Text] Mr. Chairman, Your Royal Highness, Excellencies, Ladies and Gentlemen:

It is my sincere pleasure to be able to participate for the second consecutive time as observer of ASEAN in this 29th ASEAN Ministerial Meeting held on the prestigious and friendly soil of Indonesia. I feel overwhelmed and would like to thank my distinguished colleague His Excellency Mr. Ali Alatas on behalf of the Royal Government of Cambodia, for the warm welcome, the traditional and generous hospitality and the excellent arrangements provided by the host country to my delegation.

Your Royal Highness, Excellencies, Ladies and Gentlemen:

The Inaugural Address that has been graciously delivered by His Excellency Suharto, President of the Republic of Indonesia, this morning, gives us the necessary impetus to further combine our efforts for the fulfillment of the vision of ASEAN Founding Members to whom belongs the President, namely the establishment of a Community of Southeast Asian 10 or better said ASEAN 10. The long-standing experiences of His Excellency the President and his wisdom are a precious source of inspirations to make our region a cohesive and self reliant on the strive for secured political stability and economic prosperity.

The opening remarks made by His Excellency Mr. Ali Alatas in his capacity as current Chairman of the ASEAN Standing Committee shows to us the astounding achievements made by ASEAN for more than a decade. It gives us the confidence that ASEAN and each member country can reap benefits from the rapid economic growth and grasp significant opportunities emerging in our vast region of the Asia Pacific. Cambodia would like to warmly pay tribute for the eminent work of the chairman. In the same token, it would like to express again the sentiments of its profound and everlasting gratitude for the firm and consistent support given by the chair country. His Excellency Mr. Ali Alatas himself and all ASEAN countries to peace and stability in Cambodia.

May I also express my high and sincere appreciation for the efficient assistance given by His Excellency Dato Ajit Singh, Secretary General of ASEAN, his

distinguished team and the seven ASEAN National Secretariats to the process of getting Cambodia into the family of ASEAN.

I would like to take this opportunity to congratulate H.E. Datuk Abdullah Haji Ahmad Badawi, Minister of Foreign Affairs of Malaysia, for taking the vice-Chairmanship of this August gathering and for his assuming of the next Chairmanship of the ASEAN Standing Committee. I am convinced that the next Chairman will drive ASEAN to a new momentum as the Family is expected to grow. In this connection I would like to warmly welcome the Union of Myanmar [Burma] that has just joined ASEAN as observer. This joining of Myanmar will no doubt contribute to the strength of the Association.

Your Royal Highness, Excellencies, Ladies and Gentlemen:

As steadily stated by the Royal Government, the Kingdom of Cambodia identifies its future with countries in the region, especially with the Association of Southeast Asian Nations-ASEAN. It has therefore acceded to and ratified the Treaty on Amity and Cooperation in Southeast Asia last year and was subsequently accepted as Observer of ASEAN. One year has passed since then. In the meantime, I personally submitted last April to the Chairman of the ASC [ASEAN Standing Committee] the official request of my Government to become full Member of the Association by next year, exactly one year from now. Again time is the essence.

The goal set by Cambodia to join ASEAN has been fixed in consensus by the Coalition Government which reflects the wide aspiration of the Cambodian People to be part of the Family at a time when Cambodia has reemerged from ashes and quickly rebuilt its liberal democratic institutions and its national economy with the private sector as the driving engine of growth. It therefore embraces the same values as ASEAN does. The strong and steady economic growth of Cambodia since the general elections of 1993 has been confirmed by the IMF and the World Bank. It testifies to the ability of the Royal Government to lead the country towards normalcy and stability within the rules of law and to gradually bring prosperity to the Cambodian people. In saying this, I would not like to hide problems that are confronting us. They are well known and bound with security and development. They have been identified and addressed by our leaders who remain consistently committed and faithful to political stability, the condition *sine qua non* for socio-economic development. Without resorting to oversee the tremendous problems that are bound with a young and buoyant democracy which has inherited a most heavy legacy from the recent past, I

would like to say that problems, what ever they are, will always remain and are a testimony of life.

Cambodia therefore remains confident in its consistent efforts to restore the national economy and hereby to integrate itself into the mainstream of the region, ASEAN. We look at ASEAN now seven as the tall bamboo curving down to help us in our endeavours to join the Association.

I wish to state again that Cambodia does not intend to be a burden for the Association. On the contrary, we would like to bring our active contribution to peace and prosperity to our region. We believe that we can bring benefits to the family which we have identified to join.

I would like to close my remark by thanking our host, the distinguished chairman, on behalf of Cambodia at this significant, high level meeting. Cambodia acknowledges the honour and accepts the responsibility of playing a constructive role in our sub-region. We are indeed now ready to take our historic place together with our neighbours in ASEAN.

Thank you Mr. Chairman

Singapore's Jayakumar Addresses ASEAN Ministerial Meeting

BK2107100096 Singapore THE SUNDAY TIMES
in English 21 Jul 96

[Report by Irene Ngoo in Jakarta — received via Internet]

[FBIS Transcribed Text] The time has come for ASEAN to make a comprehensive review of the way it works so that the rapidly-growing grouping can continue to remain a lean and fit organisation to cope with new challenges, Singapore's Foreign Minister S. Jayakumar said here yesterday. While ASEAN's enlargement and broader links reflected its emergence as a key regional player, the new commitments were stretching its resources and the ASEAN Secretariat.

In his opening address at the 29th ASEAN Ministerial Meeting here, Professor Jayakumar noted that already ASEAN officials attended some 300 meetings a year to work on many areas of cooperation.

ASEAN ministers also met regularly among themselves and held talks with their dialogue partners, which would be expanded to 10 this year to include China, Russia and India.

In addition, ASEAN leaders had agreed to hold an informal summit yearly — starting with the first to be held in Indonesia in December — in view of the heavy agenda thrust upon the grouping.

Prof Jayakumar said the decision to have an annual informal ASEAN summit was made in response to major external and internal challenges and was a dramatic change from the past.

ASEAN had held only five summits from 1967 to 1995, an average of one in 5-1/2 years.

"There is no doubt that this annual review will put significant pressure on ASEAN ministers and officials to deliver on the commitments already made and to chart new directions for ASEAN in the face of new challenges."

Calling for ASEAN meetings to be streamlined, he said: "The time may have come, therefore, for a comprehensive review of the ASEAN process."

"This review should address how ASEAN can continue to remain a lean and fit organisation to effectively cope with these challenges."

In his speech, he touched on ASEAN's evolution, pointing out that the leaders did not try to force it along unrealistic paths. "ASEAN has learnt to proceed at a pace comfortable to all its members. The habit of give and take, and accommodating each other's interests and views, is another hallmark of ASEAN," he said.

Outlining the external challenges to ASEAN, he said that the grouping was moving into uncertain and uncharted waters, noting recent developments in the Korean peninsula, the Taiwan Strait and the South China Sea as some sources of concern.

He said that ASEAN had a major stake in the ASEAN Regional Forum, and it must continue to exercise leadership.

The admission of India and Myanmar [Burma] at this week's ASEAN Regional Forum would add to the credibility and strength of the security grouping.

On the increase in ASEAN dialogue partners, Prof Jayakumar said the new members would add to ASEAN's responsibilities and called for a period of consolidation.

"If our dialogue partners find that this relationship yields few dividends for them, their interest in ASEAN will wane," he said.

"We must accept this as a reality and a responsibility."

He said that the Asia-Europe Meeting (ASEM) held in Bangkok in March this year underscored ASEAN's role and its potential as a catalyst for initiatives in the broader Asia-Pacific region and in building linkages in the world community.

Touching on internal challenges, he noted that deepening ASEAN had not been easy.

He said that while trade liberalisation through tariff cuts in the ASEAN Free Trade Area (AFTA) would definitely benefit all ASEAN economies by the year 2000, the process could be painful in the short run.

"Some domestic sectors will be hurt. The desire to backtrack from AFTA commitments is real," he said.

But he emphasised that ASEAN leaders remained strongly committed to intra-ASEAN economic cooperation. In addition to accelerating AFTA implementation, they were also exploring the possibility of an ASEAN Investment Area and an ASEAN common time to boost business. They had also agreed to cooperate in the Mekong Basin project.

Malaysia's Badawi Addresses ASEAN Ministerial Meeting

BK2107100796 Kuala Lumpur SUNDAY STAR in English 21 Jul 96

[Report by Lim Chye Khim, Harpajan Singh and P. Bala Kumar in Jakarta — received via Internet]

[FBIS Transcribed Text] Malaysia has asked ASEAN to take concrete steps to stop negative outside interference in the grouping's affairs.

Foreign Minister Datuk Abdullah Ahmad Badawi said in his opening remarks that ASEAN should insulate itself against "unhealthy outside interference."

In obvious reference to the European Union's strong opposition to ASEAN's move to recruit Myanmar [Burma] into the family, Abdullah said ASEAN should not allow anything to stop it becoming a grouping of all 10 South-East Asian states.

He said the present seven-member grouping would expand to nine next year with the entry of Laos and Cambodia, and he welcomed Myanmar as an observer.

On the ASEAN decision to anchor the East Asia Economic Caucus (EAEC) as a caucus within APEC, he took to task countries which tried to prevent countries in Asia from associating with one another.

He dismissed concerns voiced by some countries that EAEC would divide the Asian and Pacific countries in Apec.

"There is no ground for external concern that EAEC would draw lines between APEC members. If NAFTA (North America Free Trade Area) or CER (Closer Economic Relations) members within APEC cannot divide the group, nor can the EAEC.

"Open regionalism, which APEC subscribes to, does not and should not prohibit the right of association of like-minded countries," he added.

Abdullah cautioned ASEAN members that the grouping should not delay the ratification of the South-East Asia nuclear-free zone treaty.

He said ASEAN countries were set to realise robust growth with an average GDP [gross domestic products] growth rate of 7.63 per cent and noted that total ASEAN trade in 1995 was US\$600 billion (RM [Malaysian ringgit] 1.5 trillion), making it the world's fourth largest trading region after the United States, Japan and European Union.

Malaysia Asked To Hold Talks With PRC on South China Sea

BK2007092296 Kuala Lumpur THE STAR in English 20 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta — ASEAN countries have asked Malaysia to hold talks with China over territorial disputes in the South China Sea and to ask it to explain why it had acted as though the territories belong to China.

Foreign Minister Datuk Abdullah Ahmad Badawi said that all member countries had asked him to raise the issue during the Seven-plus-One session with China.

"I will be chairing the session on Wednesday and we will hear what China has to say. We will tell China whether we are happy with its explanation or not.

"We would like an assurance from China that it will discuss the territorial dispute with all the countries involved. We cannot accept it if it just ignore and decide to do as it like," he told Malaysian newsmen last night.

On Myanmar [Burma], Abdullah said ASEAN was prepared to discuss the issue if the European Union raised it, or any other related matter pertaining to human rights or democracy.

He also said that Malaysia would brief the meeting on the developments and progress of the ASEAN-Mekong Basin Development Co-operation.

ASEAN Members Express 'Strong Concern' Over PRC Claim

BK2107130596 Bangkok THE SUNDAY NATION in English 21 Jul 96 pp A1,A2

[Report by Don Pathan and Yindi Loeicharoenchok]

[FBIS Transcribed Text] Jakarta — The Association of Southeast Asian Nations will next week seek clarifi-

cation of China's recent declaration of a sea boundary which includes the disputed Paracels archipelago within its maritime territory.

ASEAN members will voice concern that the Chinese action is a violation of the 1982 United Nations Convention on the Law of the Sea at a meeting in Jakarta on Wednesday afternoon with Chinese Foreign Minister Qian Qichen, informed sources said.

China's May 15 declaration of a territorial sea baseline drew strong protests from Vietnam and the Philippines and expressions of concern from other ASEAN members. Beijing has also ratified the 1982 UN convention.

Hanoi has argued that the baseline set by Beijing included both the Paracel and Spratly archipelagoes off Vietnam and "constitutes a violation of Vietnam's sovereignty".

China, Taiwan, Vietnam, the Philippines and two other ASEAN members, Brunei and Malaysia, each claim all or part of the Spratlys.

Malaysian Foreign Minister Abdullah Badawi will lead an ASEAN delegation to the ministerial-level meeting with Qian.

ASEAN members' strong concern over the issue was reflected in the opening statements made yesterday by their foreign ministers to the 29th ASEAN Ministerial Meeting (AMM). The grouping also clearly indicated their worry in the draft joint communique, which is to be released today after the AMM.

Although ASEAN ministers did not specifically mention the Chinese baseline in their opening speeches, all except Brunei and Thailand expressed concern about the situation in the South China Sea.

"The dispute in the South China Sea has long overshadowed the sky of the region," Vietnamese Foreign Minister Nguyen Manh Cam said.

"The recent developments here have increased the concern of regional countries and therefore continued to demand countries concerned to exercise self-restraint, to settle the disputes in full accordance with the ASEAN Manila Declaration on South China Sea and scrupulously comply with international law, especially the 1982 UN Convention on the Law of the Sea," he added.

Cam and other ASEAN foreign ministers, including the Philippines' Domingo L. Saizon, urged all claimants to resolve their territorial disputes by peaceful means.

Saizon said yesterday that the Philippines considered China's declaration of the baseline a violation of the 1982 UN convention.

He said a recent Indonesian study of the Chinese baseline revealed that the Chinese action was "illegal". But Indonesian Foreign Minister Alatas later corrected his statement, saying that Jakarta only checked "all the coordinates" stipulated by Beijing and put them on the map.

"And we found out that we have a lot of questions on the (base) line drawn by the Chinese, so we asked the question to the Chinese Ambassador to Jakarta," he added.

Alatas said Indonesia had sought Chinese clarification on those "question marks" on the map through an aide memoire and expected an official reply.

Informed ASEAN sources said the issue of the Chinese baseline and the territorial disputes in the South China Sea were one of the major topics ASEAN members wanted to raise with Qian.

The seven-member ASEAN grouping has developed a common strong concern that the issues could erupt into violent conflict, they said.

Alatas, as host of a series of ASEAN meetings, including the AMM and Post Ministerial Conference on July 24-25 where ASEAN holds annual talks with their dialogue partners, is even trying to reschedule his meeting with US Secretary of State Warren Christopher, so that he could join the meeting with Qian.

ASEAN, through Indonesia, has tried to host several academic workshops on a peaceful resolution to the conflict in the South China Sea, but Beijing has insisted on resolving the territorial dispute over the Spratlys through bilateral negotiations with individual claimants.

Indonesia's Alatas Comments on South China Sea Issue

BK2207123496 Jakarta KOMPAS in English
22 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Excerpt] Jakarta, KOMPAS — Talks during the 29th ASEAN Foreign Ministers Meeting, ending on Sunday (21/7), covered a range of political and economic issues including the South China Sea controversy, the Comprehensive Test Ban Treaty as well as development cooperation in the Mekong River Basin.

In a press conference following the meeting, Indonesia's Foreign Affairs Minister Ali Alatas was asked about the South China Sea issue. Ali Alatas mentioned the aide-memoire which the Indonesian government had conveyed to China's ambassador in Jakarta. This request was in relation to China's decision promulgating a new

legislation effecting seaways in the north of the South China Sea, encompassing the Paracel Islands.

In the new legislation issued May 15 1996, China delineated a base line area with new coordinates. The new law extended China's control from 1.6 million sq km to 2 million sq km. China's claim to this sea area results in overlapping claims of several ASEAN nations in the area of the Exclusive Economic Zone.

The Philippines and Vietnam have expressed their concern over China's expansion. The Spratly Islands have become the center of the dispute involving China, Taiwan and four ASEAN nations (the Philippines, Vietnam, Malaysia and Brunei). China has gone ahead with its own legislation in efforts to seize this area under legal terms.

Ali Alatas said that China was not entitled to call itself an archipelago state. "There are only four countries in this world that can be categorized as archipelagos because there are many conditions. And China is a continent state," Alatas explained.

The South China Sea issue is also due to be touched on in the Chairman's Statement in the ASEAN Regional Forum, scheduled for tomorrow (Tuesday 23 July). Most countries have called for a peaceful solution to the problem which in accordance with the 1982 UNCLOS [United Nations Conference on the Law of the Sea] document.

China's Foreign Minister Qian Qichen, who arrived in Jakarta on Sunday, declined to answer any questions in relation to the South China Sea. [passage omitted]

Badawi Announces Next ASEAN Meeting in Malaysia

BK2107155396 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 21 Jul 96

["Closing statement" by Datuk Abdullah Ahmad Badawi, Malaysian foreign minister, to 29th ASEAN Ministerial Meeting in Jakarta, Indonesia on 21 July]

[FBIS Transcribed Text] Mr. Chairman, Your Highness, Excellencies, Distinguished Delegates, Ladies and Gentlemen:

I am honoured to be given the opportunity of making the closing remarks to our successfully concluded meeting. On behalf of my ASEAN colleagues, I would like to express my sincere appreciation to His Excellency, Mr. Ali Alatas for his outstanding contribution in steering our meeting into one of the most successful AMMs [ASEAN Ministerial Meeting] we have ever had. His guidance throughout the proceedings, his patience and skill has enabled us to make substantial progress in our

common goal of turning ASEAN into an increasingly dynamic and effective organisation.

I would also like to express my thanks and appreciation to the Secretary-General of ASEAN, Datuk Ajit Singh and his able staff. You and your dedicated staff have put in long hours of hard work to ensure that deadlines are met and assignments completed. My sincere thanks also to all my colleagues whose positive contributions have brought this meeting to a successful conclusion. Last, but not least, my special thanks to all our friends from the Indonesian Secretariat. It is your hard work and dedication that has made the proceedings smooth and our stay most comfortable. Once again, I on behalf of all of us wish to thank the host country for the generous and excellent hospitality extended.

Mr. Chairman:

I am pleased to say that the last one year under the able chairmanship of His Excellency, Ali Alatas, ASEAN has achieved several high points. We can look back with satisfaction at the successes achieved at the Fifth ASEAN Summit and at other ASEAN Meetings. We have made remarkable progress in the various areas of ASEAN cooperation be it in the political and security areas, economic as well as in our functional cooperation endeavors.

The Fifth ASEAN Summit, held last year in Bangkok, was a particularly important moment in the history of ASEAN. Its outcome reflected ASEAN's response to the changing regional and international environment. The meeting of the 10 leaders of Southeast Asia during the Summit was a historic occasion as it marks the end of the past division of Southeast Asia and heralds in a new era of hope and cooperation. The signing of the Treaty of Southeast Asia Nuclear Weapon-Free Zone (SEANWFZ) by all 10 ASEAN states will ensure long term peace and stability for the region and strengthens further the goals of the Treaty of Amity and Cooperation (TAC) which all 10 Southeast Asian states are already signatory to. At this meeting we agreed to respectively ratify the Treaty as soon as possible.

The aims and goals of ASEAN are now well established and well-known. We have been a positive force for peace and progress in the region and we have a clear vision as to our role in Asia-Pacific affairs and beyond. As ASEAN enters the 30th Anniversary of its existence next year, there will be new and exciting challenges for our Organisation. We will see the enlargement of our membership. With common resolve and cooperation, we are well positioned to climb to greater heights in terms of achievements and successes.

The 29th AMM has achieved several significant milestones. Myanmar has been given observer status. We now have three more dialogue partners namely India, People's Republic of China and the Russian Federation. Several other countries and groupings have also expressed interest to establish formal links with ASEAN. All these developments attest to the dynamism of ASEAN as an Organisation.

Mr. Chairman:

May I conclude by congratulating His Excellency Ali Alatas and his able officers for a job well done in the conduct of the 29th AMM. Allow me to take this opportunity to invite you and all my ASEAN colleagues to Kuala Lumpur for the 30th ASEAN Ministerial Meeting in July 1997. We hope to do as well as you have done. Thank you.

ASEAN Urges Burma To Adopt 'National Consolidation' Program

BEK2107141396 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 21 Jul 96

["Statement" by Domingo L. Siazon, Jr., foreign minister of the Philippines, to the Consultative Meeting Between ASEAN and Burma, in Jakarta on 21 July]

[FBIS Transcribed Text] Mr. Chairman, Excellencies, Distinguished delegates, Ladies and Gentlemen:

It is my distinct pleasure to extend, on behalf of my ASEAN colleagues, our heartfelt congratulations and warm welcome to our newest observer - The Union of Myanmar [Burma].

ASEAN regards this occasion as one with special significance. For years, ASEAN and Myanmar have enjoyed a special kinship based not just on our geographic proximity, but on a common purpose, that is regional development, peace and security.

This fraternal linkage has been enhanced by the natural complementarities in the stages of development of the ASEAN member-countries and Myanmar. We are witness to the strengthening of economic relations between individual ASEAN member countries and Myanmar. In the same manner, all seven member states have made available to Myanmar some form of technical assistance.

Twenty-nine years ago, the founding fathers of ASEAN envisioned a community of ten Southeast Asian nations working together towards a peaceful, stable and prosperous region. Myanmar's admission as an observer brings us another step closer to realizing this vision.

Even as Myanmar's role as an integral part of the region is reaffirmed, there is work to be done if we are to live up to our founding fathers' vision of building a

community founded on the ideals of peace, freedom, social justice and economic well-being.

We are thus pleased to welcome Myanmar's efforts on various occasions to strengthen this kinship, including its accession to the treaty of amity and cooperation in Southeast Asia, its signing of the treaty establishing a Southeast Asia Nuclear Weapon Free Zone, its participation in the ASEAN Regional Forum the day after tomorrow [23 July], and its admission yesterday as an ASEAN observer, and Myanmar's leaders also sat amongst the ASEAN leaders at the 5th ASEAN Informal Summit in Bangkok last December.

We note with keen interest Myanmar's goal to build a peaceful, prosperous, modern & developed state based on a multi-party democratic system and a market-oriented economy.

As we draw you closer into the ASEAN circle today, allow me to underscore the fact that the process of integration is a long and multi-faceted one. ASEAN welcomes Myanmar's goal to build a peaceful, prosperous, modern and developed state based on a multi-party democratic system and a market-oriented economy. Myanmar has significantly advanced in its political binding with ASEAN. We welcome the minister's confirmation of Myanmar's willingness to make the necessary adjustment and changes in its own domestic legal regime, procedures and regulations to be in harmony with those of ASEAN member countries. Economically, Myanmar's eventual accession to AFTA [ASEAN Free Trade Area] and other ASEAN economic agreements will require the harmonization of our economic structures. Most importantly, we will have to reaffirm the common Asian ideals that we uphold, particularly participative democracy and full respect for human rights.

ASEAN has observed with great interest the developments taking place in Myanmar. We are keenly interested in the process of national reconciliation including the program for the development of border areas and national races, as we are encouraged by the measures being taken by the government towards economic liberalization. The early completion of the national convention's task of drafting a constitution, we believe, would also help in the enhancement of national and therefore, regional stability.

We are optimistic that the Government of Myanmar will persist in the process of national consolidation, and continue subscribing to dialogue as the most effective manner of resolving internal differences.

In conclusion, the Philippines, on behalf of ASEAN, affirms the high value that we accord to our relations with Myanmar and express our trust that Myanmar's

increasing participation in ASEAN shall pave the way for, broadening her cooperation with her Southeast Asian neighbors as together we strive towards a united, stable and prosperous ASEAN ready for the challenge of the 21st century.

Thank you.

Burmese Minister Discusses Political Reforms in His Country

BK2207082496 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 22 Jul 96

[FBIS Translated Text] Myanmar [Burmese] Foreign Minister Ohn Gyaw says his government has promised to carry out political reforms on the presidential system, bicameral parliamentary system, and the judiciary. Speaking to reporters after the ASEAN-Myanmar consultative meeting in Jakarta yesterday, he disclosed that the process of formulating clauses that will be incorporated into the new Myanmar constitution is proceeding smoothly.

The Myanmar foreign minister said his country will have a state system similar to that in Indonesia. Similarly to Indonesia, Myanmar will be ruled by an elected president under the new constitution. However, he was unable to confirm whether the new constitution will legitimize the existence of the current ruling military junta.

Meanwhile, Philippine Foreign Minister Domingo Siazon, who represented ASEAN at the consultative meeting, confirmed that Myanmar's new constitution is aimed at setting up a new state system similar to that in Indonesia.

Burma's Foreign Minister Addresses Domestic Issues at ASEAN

BK2107145996 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 21 Jul 96

["Statement" by Burma's Foreign Minister Ohn Gyaw, to the Consultative Meeting Between ASEAN and Burma, in Jakarta on 21 July]

[FBIS Transcribed Text] Mr. Chairman, Excellencies, Ladies and Gentlemen:

It is a great pleasure for me to participate the first-ever Consultative Meeting between ASEAN and the Union of Myanmar [Burma]. I wish also to express on behalf of my Delegation as well as on my own, our sincere thanks and appreciation to His Excellency Mr. Domingo L. Siazon, Jr. for chairing the Meeting and for his kind remarks about our country. Allow me to say that I fully reciprocate his sentiments.

The 29th AMM [ASEAN Ministerial Meeting] Meeting is a historic landmark not only in the relations between Myanmar and ASEAN but for the region as a whole. The attainment of observer status by Myanmar represent the commitment the 10 Southeast Asian nations towards the concept of One Southeast Asia. It is evident that co-operation and coordination of the countries of Southeast Asia for peace, stability and prosperity will be further enhanced in the years ahead.

Mr. Chairman:

I am happy to inform the Distinguished Meeting that Myanmar continues to enjoy unprecedented peace, stability and economic growth. Based on the 12 objectives laid down in political, economic and social fields, we are striving our best to reach our national goal of a peaceful, prosperous, modern and developed State. Indeed, our country is enjoying peace as never before in the history of modern Myanmar. The problem of insurgency that we faced since the time that we regain our independence is almost at an end with the return to the legal fold of 16 armed groups. Discussions are continuing with the one remaining group, the KNU [Karen National Union], and we are confident that this group will also return to the legal fold in the near future.

Work on the drafting of the principles to be included in the new constitution has made considerable headway and the delegates to the National Convention are now deliberating on the important chapters dealing with legislature, executive, the judiciary. Consensus has been reached on the principles to have a Presidential system of Government, with two Houses of Parliament and an independent judiciary. Moreover, each region and state of the Union will have its own legislative assemblies and a Region or State Government headed by a Chief Minister. When the National Convention resumes, it will be deliberating on the very important issue of sharing of power and obligations between the center and the Regions and States.

In the economic sphere, the recently concluded 4 Year Plan recorded an average annual growth of 8.2 per cent, surpassing the original target of 5.1 per cent. Particular successes were enjoyed in agriculture, energy and tourism sectors. With the sound foundations obtained during the 4 Year Plan, Myanmar has launched a new 5 Year Plan starting from the present fiscal year and aimed at achieving a growth rate of 6 per cent per annum. Although agriculture will continue to be the main stay of the economy, we also look forward to the establishment of necessary industrial base particularly in view of the great potential in the energy sector. Foreign investors continue to show trust and confidence in the country with new partners from abroad increasing rapidly.

Myanmar is committed to becoming a member of ASEAN in the near future. Preparations towards this end has already been initiated. It has identified and is implementing them in the following four areas:

- (a) Human resource development
- (b) Institutional development
- (c) Coordination task, and
- (d) Education and Public Relations.

As the Ministry of Foreign Affairs will serve as a focal point, human resource development within the Ministry is therefore a priority consideration. Toward this end, arrangements are underway with the Ministry of Foreign Affairs of Malaysia and with the Department of Foreign Affairs of the Philippines for providing training to Myanmar diplomats at their esteemed training institutes. At the same time, we are exploring various avenues including assistance from NGOs for study programmes for our diplomats.

In order to make our preparatory process effective, we are taking steps to set up our own ASEAN Department which will serve as a driving force in developing our contacts and collaboration with ASEAN Secretariat from which we expect valuable assistance in our preparation. Likewise the assistance of ASEAN Departments of the Member Countries is no less important. We are also looking forward to sharing their experiences in carrying out the ASEAN Departments heavy load of duties and functions.

The Ministry of Foreign Affairs' ASEAN Department, once it is established, will be responsible for coordinating with other Departments and Ministries whose participation in the ASEAN's wide ranging activities is essential. Aiming at bringing them into ASEAN limelight, the establishment of necessary focal points at the various Ministries is in progress. At the same time, the Ministry of Foreign Affairs in collaboration with the Myanmar Institute for Strategic and International Studies is arranging seminars and roundtables on ASEAN as part of our scheme in educating the relevant officials and the general public. Recently, the Ministry of National Planning and Economic Development and the Hans Seidel Foundation of Germany held a seminar on the implications of Myanmar's participation in AFTA [ASEAN Free Trade Area].

We wish to express our sincere appreciation to the support given by our ASEAN friends for their support regarding Myanmar's membership in ARF [ASEAN Regional Forum]. Allow me to reaffirm our commitment to abide by and to respect fully the decisions and statements of the ARF, including those made prior to our admission. We believe that ARF can contribute greatly

to the peace, stability and security of the region. On our part, we took forward to participating in the process.

Although this is the first Consultative Meeting between ASEAN and Myanmar, we are highly encouraged and heartened by the kind sentiments of our ASEAN friends as expressed by you. Allow me to conclude by saying that we are confident that this auspicious beginning will surely be reflected in our future consultations as well.

Thank you Mr. Chairman.

Indonesia's Alatas Rules Out EAEC's 'Threat' to APEC

BK2207125696 Kuala Lumpur THE STAR in English
22 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta — No one will believe that the East Asia Economic Caucus (EAEC) can destroy APEC as the caucus is now widely accepted, ASEAN Ministerial Meeting chairman Ali Alatas said yesterday. The Indonesian Foreign Minister said APEC was getting stronger while the EAEC was an entirely different arrangement. "Why has EAEC suddenly become a threat to APEC? We hope EAEC will be seen in a proper perspective and not in a confrontational way to conquer APEC," he told a press conference at the end of the meeting. Ali said there were various other regional groupings such as NAFTA and Close Economic Cooperation (CER) between Australia and New Zealand within the forum and they had not affected APEC. On the establishment of a regional mechanism on human rights in ASEAN, Alatas said individual ASEAN countries must first have their own national human rights commissions before a regional arrangement could be set up. On India's reluctance to sign the Comprehensive Test Ban Treaty (CTBT), he said ASEAN respected New Delhi's stand but it should not derail the opportunity to conclude the treaty this year.

ASEAN Attempts To Promote Regional Trade, Investment

BK2207035596 Bangkok BANGKOK POST
in English 22 Jul 96 p 1

[Report by Saridet Marukhathat and Nutsara Sawat-sawang]

[FBIS Transcribed Text] ASEAN foreign ministers ended their annual meeting yesterday with an effort to promote the free movement of goods within the grouping as part of the plan to promote intra-regional trade and investment.

Foreign Minister Amnuai Wirawan proposed the free movement of goods in transit in the region and the meeting agreed to forward the plan to their leaders for approval.

Despite being satisfied with the development of the ASEAN Free Trade Area [AFTA] they believed however that other related efforts should be undertaken by member countries to promote trade and the free movement of goods in the region," said the joint communique released at the end of the 29th ASEAN Ministerial Meeting.

The ministers will meet other participations in the ASEAN Regional Forum tomorrow, followed by talks with their 10 dialogue partners on Wednesday and Thursday in which China, India and Russia will join the talks for the first time.

The leaders of ASEAN—Brunei, Indonesia, Malaysia, the Philippines, Singapore Thailand and Vietnam—will gather in Indonesia for an informal meeting in December.

The proposal is in line with the determination of ASEAN leaders to see greater economic integration enshrined at the fifth summit in Bangkok in December.

The free movement of goods in transit will promote the AFTA and encourage trade within the grouping and with its future members- Burma Cambodia and Laos.

Foreign Minister Amnuai Wirawan, who also is the deputy prime minister, said the trans-border movement of goods and people needed to be ready for the AFTA which ASEAN plans to launch three years ahead of the schedule of 2003 and Vietnam by 2006.

"It is a visional cooperation since within the next three years we will have free trade," he told reporters.

Kopsak Chutikun, director-general of the Economic Affairs Department, explained that procedures would be the harmonisation of customs and visa fees among ASEAN states.

Mr Kopsak said Thailand would draft a proposal to be forwarded to the annual meeting of ASEAN economic ministers who will meet here in September.

Thailand and its neighbours Laos, Burma, Cambodia and Vietnam are likely to be affected by such barriers if the flow of goods are blocked in transit to Malaysia and Singapore, he added.

Deputy Lao Foreign Minister Phongsavat Boupha supported the move, saying it would help landlocked Laos transit goods beyond Thailand to other ASEAN countries.

"Laos has pushed for (the proposal) for a long time because Thailand's surcharge of custom fees is high," he said.

Indonesia's Alatas Closes ASEAN Ministerial Meeting

BK2107145196 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 21 Jul 96

[FBIS Translated Excerpt] Foreign Minister Ali Alatas closed the 29th ASEAN Ministerial Meeting at the Jakarta Convention Center this evening. The ASEAN ministers also issued a 55-point joint communique. Our reporter Tommy Kwadiwelas reports:

[Begin Kwadiwelas recording] The 15-page ASEAN foreign ministers' joint communique consists of two points on the Fifth ASEAN summit meeting; 17 points on political and security cooperation; 13 points on economic issues, which include AFTA [ASEAN Free Trade Area], the upcoming WTO ministerial conference, and EAEC [East Asia Economic Caucus]. The joint communique also touches on the Asia-Pacific economic cooperation, ASEAN Time Zone, transnational issue, ASEAN's 30th anniversary next year, Asia-Europe Meeting, Mekong Basin Development, and sectoral cooperation between ASEAN and its dialogue partners.

In his address, Foreign Minister Ali Alatas said the joint communique will discuss and resolve important problems, as well as serve as a manifestation of the resolutions adopted at the Fifth ASEAN summit meeting in Bangkok last year. [passage omitted] [end recording]

Indonesian Foreign Minister Gives Closing ASEAN Address

BK2107151496 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 21 Jul 96

["Closing statement" by Ali Alatas, Indonesian foreign minister and ASEAN chairman, to the 29th ASEAN Ministerial Meeting in Jakarta, Indonesia on 21 July]

[FBIS Transcribed Text] Your Excellencies, Distinguished Delegates, Ladies and Gentlemen:

The 29th ASEAN Ministerial Meeting is now about to come to a close. Convened in the wake of the historic Fifth ASEAN Summit and the momentous Asia-Europe Meeting (ASEM), this Meeting broke new ground as it forged ahead in the directions set forth by our ASEAN leaders.

During the past two days, we examined and evaluated the progress of our cooperation during the past year and once again witnessed how ASEAN has contributed

significantly to positive developments in the region, fostered habits of dialogue and cooperation and served as catalyst for crucial undertakings among ourselves as well as our dialogue and non-dialogue partners. Because of your support and cooperation and because our deliberations were suffused with the traditional ASEAN spirit of frankness, cordiality and solidarity, this has been a most fruitful meeting—an appropriate finale to a watershed year.

The Joint Communique which emanated from this Meeting addressed a broad range of issues and common concerns and manifested our firm resolve to carry out the decisions taken by the ASEAN Leaders during the Fifth Summit in Bangkok. It also reflected the cohesiveness of our Association.

We have moved considerably closer to the realization of a Zone of Peace, Freedom and Neutrality (ZOPFAN), a development made possible by the fact that the Treaty of Amity and Cooperation (TAC) and the Treaty on the Southeast Asia Nuclear-Free Zone have already been signed by all ten countries of Southeast Asia.

It is also heartening to note that we have adopted a set of criteria for participation in the ASEAN Regional Forum [ARF]. In view of the keen interest of many countries outside the region to participate in the exchange of views and information on political and security matters that take place in this Forum, we can expect the ARF process to advance much further from here on—but at a pace comfortable to all its participants.

In the economic field, we have focused on the theme of "Greater Economic Integration" and thereby accelerated and deepened our common commitments under AFTA. We have also expanded ASEAN economic cooperation into new sectors and strengthened our linkages with economies within the region and beyond.

We have agreed to focus our functional cooperation on the theme of "Shared Prosperity through human development, technological competitiveness and social cohesiveness" in accordance with the 15-Point Consensus of the ASEAN Leaders at their Fifth Summit in Bangkok last year.

Having done all these, we still have ahead of us the Third Meeting of the ASEAN Regional Forum (ARF) which will commence tomorrow and will be followed by our annual meeting with our Dialogue Partners. We can never overemphasize the importance of the consultations and exchanges of information that take place during the Forum. By promoting trust and confidence as well as transparency in the security policies of the participating countries, the ARF is contributing considerably to regional as well as global

peace and stability. As to our dialogue partnerships, I can say with confidence that they have greatly helped in the building of a network of friendly and cooperative ties without which the region would not be as stable and as economically dynamic as it is today.

Excellencies, Distinguished Delegates:

I should now like to seize this opportunity to express my gratitude and appreciation to my distinguished Colleagues the ASEAN Foreign Ministers, the ASEAN Ambassadors in Jakarta, the Senior Officials, the Director-General of ASEAN and the ASEAN Secretary-General as well as the officials and staff of the ASEAN Secretariat. Without your valuable assistance and positive contributions, I could not have fulfilled all the tasks entrusted to me as Chairman.

To my dear Colleague and Chairman of the 30th ASEAN Standing Committee, Datuk Abdullah bin Haji Ahmad Badawi, I should like to convey my best wishes. I have no doubt that under your wise and able leadership, the ASEAN Standing Committee will carry the work of our Association to new levels of achievement. I should also like to assure Your Excellency of Indonesia's fullest support and cooperation.

I now have the honour to declare the 29th ASEAN Ministerial Meeting officially closed.

ASEAN Urges Nuclear Powers To Accede to Nuclear-Free Treaty

BK2107103196 Kuala Lumpur SUNDAY STAR
in English 21 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] All the five nuclear powers must accede to the protocol to the South-East Asia Nuclear Weapons-Free Zone treaty as soon as possible, ASEAN Foreign Ministers said.

They said the five — the United States, Russia, China, France and Britain — must sign a protocol to ensure the region is free from any form of nuclear threat.

Foreign Minister Datuk Abdullah Ahmad Badawi said ASEAN must not allow outsiders to draw wedges through the grouping and thereby delay the treaty from coming into force.

"The treaty is a binding testimony of ASEAN's resolve to contribute to nuclear non-proliferation," he added.

Indonesia's Ali Alatas said the treaty was not meant to undermine the security policies of the nuclear weapons states but aimed at achieving security for all countries in the region.

Thai Foreign Minister Dr Amnuai Wirawan said ASEAN should continue to work with the nuclear powers to enable them to sign the protocol at the earliest possible date.

Vietnam's Foreign Minister Nguyen Manh Cam said the nuclear powers must sign the protocol in the "legitimate interest of the South-East Asian people."

Philippines Foreign Secretary Domingo Siazon said the five states must respect the treaty and commit themselves to its purposes.

"As we seek to free our region from nuclear weapons, ASEAN should address the escalating use of nuclear energy in the region," he added.

Singapore's S. Jayakumar said ASEAN must deepen its relationship with its dialogue partners by getting them to ratify the zone and other key treaties.

ASEAN Ministers Issue Joint Communiqué

BK2107143996 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 21 Jul 96

["Text" of Joint Communiqué of the 29th ASEAN Ministerial Meeting in Jakarta, Indonesia on 20-21 July 1996]

[FBIS Transcribed Text] 1. The Twenty-Ninth ASEAN Ministerial Meeting was held in Jakarta from 20 to 21 July 1996.

Fifth ASEAN Summit

2. The Foreign Ministers underlined the significant achievements of the Fifth ASEAN Summit held in Bangkok from 14 to 15 December 1995. As part of Summit's agenda, the ASEAN Leaders held a meeting with the leaders of Cambodia, Laos and Myanmar [Burma], pursuant to the Summit's theme "ASEAN Towards One Southeast Asia". All ten leaders signed the Treaty on Southeast Asia Nuclear Weapon-Free Zone and agreed to launch a new pattern of regional development cooperation involving the development of the Mekong Basin, the establishment of a rail link running from Singapore through Kuala Lumpur, Bangkok and on to Kunming and a network of 91 pipelines linking the ASEAN countries. The Summit elevated functional cooperation to a higher plane and called for the further strengthening of the ASEAN identity, spirit and sense of community. Focusing on the theme "Greater Economic Integration" the Summit resulted in the acceleration and deepening of the commitments under AFTA [ASEAN Free Trade Area], expansion of ASEAN economic cooperation in new sectors, as well as increased linkages with other countries in Southeast Asia. The Foreign Ministers looked forward to the convening of the Informal Meet-

ing of the ASEAN Heads of Government to be held in Indonesia in December 1996 as agreed upon in the Fifth Summit.

3. The Foreign Ministers accepted the formal applications of Cambodia and Laos to become members of ASEAN in 1997; they also granted Observer status of ASEAN to Myanmar; thereby, the vision of ASEAN's founders of all ten Southeast Asian countries living in harmony under a single roof came closer to realization. In this connection, the ministers reiterated their continued determination to enhance cooperation with Cambodia, Laos and Myanmar to assist them in preparing for their eventual membership in ASEAN.

Political and Security Cooperation

4. The Foreign Ministers noted the increasingly important role of ASEAN in the maintenance of peace, stability and prosperity in the Asia and Pacific region. In this regard, they reaffirmed their commitment to working closely with others, particularly with ASEAN's Dialogue Partners and Observers. 5. The Foreign Ministers welcomed China, India and Russia as the new Dialogue Partners of ASEAN. The Ministers looked forward to the broadening of the scope and intensity of cooperation between ASEAN and its three new dialogue partners. 6. In reviewing the development of the ASEAN Regional Forum (ARF), the Ministers expressed satisfaction with the progress made thus far through Track One as well as Track Two activities, in promoting confidence-building measures among its participants. They also took cognizance of the increasing degree of comfort in the interactions among the ARF participants, demonstrating that ARF is Chairman's Paper on Criteria for Participation in the ARF would reinforce the foundation of the ARF process. Conscious of the increasingly significant role of the ARF in the maintenance of peace and stability in the region, the Ministers reiterated that ASEAN should continue to be the driving force of this forum. 7. The Foreign Ministers noted with satisfaction the closer cooperative relations between ASEAN and non-governmental bodies such as the ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS) and the Council for Security and Cooperation in the Asia Pacific (CSCAP). They also noted that these bodies had continued to provide ASEAN with useful ideas and proposals with regard to political and security cooperation in the region. 8. The Foreign Ministers noted with satisfaction the progress made in the Implementation of ASEAN's "Programme of Action on ZOPFAN [Zone of Peace, Freedom, and Neutrality]. In this regard, the Foreign Ministers cited the signing of the SEANWFZ [Southeast Asia Nuclear Weapons-Free Zone] Treaty by all Heads of Government of Southeast Asian countries

on 15 December 1995 as another contribution of the countries of Southeast Asia to the strengthening of the security of the region and to the maintenance of world peace and stability. In this connection they stressed the importance of expediting the process of ratification of the Treaty by the signatory states so that it will be completed, if possible, before the Informal ASEAN Summit in Indonesia in December 1996. For the effectiveness of the Treaty, they reiterated their call on all nuclear weapons states to extend their cooperation by acceding to the Protocol of the Treaty. They agreed that the review process of the Protocol as agreed by the Fifth Meeting of the ASEAN Summit should commence immediately. They also agreed to consider tabling a draft resolution on the SEANWFZ Treaty in the United Nations General Assembly at an appropriate time. 9. Aware of the increasing interest of non-Southeast Asian states to associate themselves with the Treaty of Amity and Cooperation in Southeast Asia (TAC), the Foreign Ministers agreed to expedite the work on the appropriate modality for association. 10. The Foreign Ministers had a wide-ranging exchange of views on the current regional and international situations. They noted that the political and security situation in the Asia Pacific region was relatively stable and peaceful. They expressed their belief that the relative peace and stability in the region could be largely attributed to the endeavours of ASEAN to cultivate the habits of dialogue, consensus and cooperation among the countries in the region and to encourage the solution of disputes through negotiations and other peaceful means. However, they acknowledged that tensions exist in the region as well as in other parts of the world in the face of longstanding disputes which, if not successfully managed, could erupt into conflicts that could threaten regional as well as international stability.

11. The Foreign Ministers expressed their concern over the situation in the South China Sea, and stressed that several outstanding issues remain a major concern for ASEAN. In the spirit of the Manila Declaration on the South China Sea, the Ministers called for the peaceful resolution of the dispute and self-restraint by parties concerned. The Ministers were pleased to observe, however, that the parties concerned have expressed their willingness to resolve the problem by peaceful means in accordance with recognized international law in general and the UNCLOS [United Nations Conference on the Law of the Sea] of 1982 in particular. The Ministers also reiterated the significance of the ongoing informal workshop series on Managing Potential Conflict in the South China Sea, and welcomed the continuing bilateral cooperation and discussions among the claimant countries. They endorsed the idea of concluding a regional code of conduct in the South

China Sea which will lay the foundation for long term stability in the area and foster understanding among claimant countries.

12. The Foreign Ministers stressed the importance of freedom of navigation and aviation in the South China Sea.

13. The Foreign Ministers discussed the situation in the Korean Peninsula. They reiterated their belief that the resumption of dialogue between the Democratic People's Republic of Korea and the Republic of Korea was extremely important for peace and security on the Korean Peninsula. The Ministers emphasized the need to establish a peace mechanism and also emphasised that the 1953 Armistice Agreement until then should remain valid. They noted the significant role of Korean Peninsula Energy Development Organisation (KEDO) in the framework of the resolution of the nuclear issue in the region.

14. The Foreign Ministers on the one hand welcomed the progress achieved in the Middle East peace process since August last year, in particular in the implementation of the PLO-Israeli Declaration of Principles on Interim Self Government Arrangement of 1993 as well as the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip of 28 September 1995, the first Palestinian elections on 20 January 1996 and the beginning of the final status negotiations between the Palestinians and the Israelis in Taba in May 1996. On the other hand, the Ministers viewed with concern the current critical phase of the Middle East peace process following the recent general elections in Israel. In this regard, they stressed the importance of continuing the peace process to restore the rights of the Palestinians, the return of the occupied Arab territories, as well as ensuring balanced and equal security in the region, consistent with the principles agreed upon at the Madrid Conference of 1991, particularly the reciprocal principle of land-for-peace, and the assurance given to all parties.

15. The Foreign Ministers welcomed the Dayton Peace Accord and the signing, on 14 December 1995 at the Paris Peace Conference, of the General Framework Agreement for Peace in Bosnia-Herzegovina by the Republic of Bosnia and Herzegovina, the Republic of Croatia and the Federal Republic of Yugoslavia and the other parties thereto. In this regard, they also welcomed the International "train and equip" programme for the Army of the Federation of Bosnia-Herzegovina in order to establish a military balance in the country and ensure enduring peace and stability in Bosnia-Herzegovina. The Ministers recognized the challenges attendant to the implementation of the Agreement

and in this regard underlined the importance of full compliance by the parties concerned with the provisions of the Agreement. They emphasized the need for the parties and all States to cooperate with the International Tribunal for the former Yugoslavia and its organs in the discharge of their mandate. In this regard, the Ministers supported the international call for the arrest of those who have been indicted for war crimes, and their removal from Bosnia-Herzegovina as an important condition for the full implementation of the Dayton Peace Accord. The Ministers also stressed the importance of the creation of conditions necessary to the reconstruction and development of Bosnia-Herzegovina and the support of the international community in this regard. They paid tribute to the women and men of UNPROFOR [United Nations Protection Force] and IFOR [International Force] for their services to the cause of peace in the former Yugoslavia.

16. The Foreign Ministers were encouraged by the successful outcome of the Eleventh Conference of Heads of State or Government of the Non-Aligned Countries in Cartagena held on 18-20 October 1995. They reaffirmed their conviction that the fundamental principles of the Non-Aligned Movement [NAM] continue to be valid under current circumstances. They emphasized, in particular, the commitment adopted by the Movement to work towards cooperation and a sense of full partnership in the international field, for the promotion of peace and economic development. In this regard, they commanded the constructive approaches by the Movement to promote its objectives through dialogue on the basis of mutual interest and benefit, genuine interdependence and shared responsibility.

17. The Foreign Ministers welcomed the establishment of the UN Trust Fund for South-South Cooperation and urged donor countries to lend their full support for such a fund. In this context, they emphasized the importance of the speedy implementation of the decision by the Non-Aligned Summit in Cartagena on 18-20 October 1995 to establish the NAM Centre for South-South Technical Cooperation in Indonesia and recognized that its activities would complement those of the UN Trust Fund for South-South Cooperation. The Ministers reiterated the vital role of collective self-reliance for promoting and accelerating development in a world economy undergoing fundamental change.

18. The Foreign Ministers emphasized the importance of full and effective implementation of the Nuclear Non-Proliferation Treaty (NPT) in promoting international peace and security. Bearing in mind the objective of general and complete disarmament as set out in the Treaty, the Foreign Ministers while noting the outcome of the 1995 Review and Extension Conference of the

Parties to the NPT, stressed the need for all state parties to strive to achieve the objectives set out in the Final Document of that Conference. In this regard, the Foreign Ministers called on the nuclear weapons states to refrain from conducting nuclear weapons tests and the Conference on Disarmament to conclude the negotiation on the Comprehensive Test Ban Treaty in 1996. The Foreign Ministers emphasized further the importance of convening the Fourth United Nations Special Session Devoted to Disarmament before the turn of the century to set the future course of actions in the field of disarmament and related security matters. The Foreign Ministers expressed the hope for the conclusion of the International Convention on the Prohibition of Use and Threat of Use of Nuclear Weapons and the International Convention Against the Production and Stockpiling of Missile Materials. In this context, they emphasized the importance of multilateralism in the process of disarmament and the historical significance of the Final Document of SSOD [Special Session on Disarmament] I, including the principles, guidelines and priorities envisaged therein, as well as the need to preserve and build upon its achievements.

19. The Foreign Ministers reiterated the importance of reforming and restructuring the United Nations including the Security Council so as to democratize its workings and to strengthen its effectiveness. In this context, they reaffirmed the role of the General Assembly as the highest deliberative and decision-making organ of the UN system, stressed the importance of the work of various open-ended working groups to enhance the effectiveness of the Organization, including the open-ended Working Group on the Question of Equitable Representation on and increase in the Membership of the Security Council and Other Matters Related to the Security Council and the open-ended Working Group on the Strengthening of the United Nations System. They welcomed the significant measures that have been adopted to revitalize the General Assembly, including the decision to continue using existing mechanisms and establishing new bodies as deemed necessary and affirmed that these measures should be fully implemented. Furthermore they underlined the need to establish more effective relations between the General Assembly and the Security Council on the basis of greater accountability by the Council to the General Assembly. They also attached the highest priority to reforming the UN in the economic, social and related fields in order to effectively meet the challenges and development priorities of developing countries in this area of globalisation.

20. The Foreign Ministers expressed their satisfaction over the significant contribution made by the countries of origin, the countries of first asylum, and the countries

of resettlement toward the conclusion of the CPA [Comprehensive Program of Action] on 30 June 1996. They noted, however, the fact that there are still sizable numbers of remaining boat people in some first asylum countries who have not been repatriated or resettled, thus requiring further common efforts and cooperation for their immediate repatriation. The Foreign Ministers welcomed the continued coordination between the first asylum countries and countries of origin as well as relevant international organizations and donor countries in completing the repatriation of the remaining non-refugees from the first asylum camps in the region and their reintegration in the countries of origin.

Economic Cooperation

Program on AFTA and Other Related Issues

21. The Foreign Ministers were pleased to note the rapid increase of 21 percent in Intra-ASEAN exports of CEPT [Common Effective Preferential Tariffs] products in 1995, that is from US\$49.1 billion in 1994 to US\$59.3 billion in 1995. The Ministers also noted with satisfaction the progress made on the decision of the 5th ASEAN Summit in Bangkok to accelerate the CEPT-AFTA whereby tariffs of items in the CEPT Inclusion List will be reduced to the 0-5 percent range by the year 2000, thus enabling ASEAN to achieve the AFTA even before the target date of 2003. The Foreign Ministers noted that for new members, the schedule for the implementation of CEPT for AFTA will be carried out in accordance with the agreement and commitment between ASEAN and new members.

22. The Foreign Ministers noted with satisfaction the substantial progress made in the negotiations to liberalise trade in unprocessed agricultural products and welcomed the decision to phase-in these products into the CEPT Scheme by the year 2010. The Ministers encouraged Member Countries to intensify their efforts to realise this decision. 23. The Foreign Ministers called for continued efforts to reduce the impediments to trade and investment in ASEAN. The Ministers were pleased to note that customs surcharges affecting identified CEPT products will be removed by 1996 and called upon Member Countries to intensify their efforts to eliminate Non-Tariff Barriers. The Ministers also noted with satisfaction the rapid developments made in customs cooperation to support AFTA especially the establishment of the Green Lane system for CEPT products which shall expedite the customs clearance for these products. The Ministers welcomed the decision for ASEAN to come up with an Agreement on Customs which will enhance regional cooperation in customs. They expressed optimism that trade facilitation measures under AFTA as provided in the Agreement particularly the harmonization of tariff nomenclature, Customs procedures and customs valuation would be fully implemented.

24. The Foreign Ministers called for the active participation of the private sector in ASEAN economic cooperation programmes and activities and to take advantage of the business opportunities arising therefrom. They encouraged the private sector to come up with specific proposals especially those pertaining to trade facilitation measures, SME [Small and Medium Economies] development programmes, industry-specific projects and promotion-oriented activities.

25. The Foreign Ministers noted the progress made in the areas of food, Agriculture, Forestry, Energy, Transport and Tourism. They supported the recommendations of the ASEAN Tourism Ministers that further measures be taken to facilitate travel in ASEAN countries. In this respect, the Ministers noted that some member countries have established the special lanes for ASEAN nationals. The Ministers welcomed the decision of the 15th AMAF [expansion unknown] to continue to focus on cooperative endeavour in the seven priority areas identified in the Ministerial Understanding on ASEAN Cooperation in Food, Agriculture and Forestry. The Ministers also noted that the private sector is now more involved in cooperative efforts and activities with the signing of the MOU [memorandum of understanding] on ASEAN Cooperation and Joint Approaches in Agriculture and Forest Products Promotion Scheme by the AMAF in 1994. They expressed their support of the decision of the AEM [ASEAN Economic Ministers] to accelerate the negotiations in Services to enable ASEAN Member Countries to come up with initial commitments by September 1996.

26. The Foreign Ministers welcomed the signing of the Basic Agreement on ASEAN Industrial Cooperation (AICO) which broadens the scope of Industrial cooperation in ASEAN. They expressed confidence that this new scheme will encourage more industrial cooperation projects and further enhance the attractiveness of ASEAN as an investment site.

Facilitation of Goods in Transit

27. The Foreign Ministers shared the view that the implementation of AFTA has made much progress. They believed however that others related efforts should be undertaken by member countries to promote trade and the free movement of goods in the region. They therefore agreed to recommend to the ASEAN Heads of Government that appropriate ASEAN bodies consider additional measures for facilitation of goods in transit.

AFTA-CER [Closer Economic Relations] Linkages

28. The Foreign Ministers noted with satisfaction the progress made in the establishment of trade and investment linkages between AFTA and countries of the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) and encouraged the establishment of such linkages with other regional groupings and trading arrangements.

WTO Ministerial Conference

29. The Foreign Ministers were pleased to note that the inaugural World Trade Organisation Ministerial Conference (MC) would be held in Singapore in December this year. The Foreign Ministers recognized the importance of the Singapore MC and reaffirmed their commitment to ensuring a substantial outcome at the MC.

30. The Foreign Ministers endorsed the position taken by the AEM regarding the framework of ASEAN's approach towards the agenda of the inaugural WTO MC in Singapore. The Foreign Ministers agreed that the Singapore MC should critically review the implementation of UN Agreements and seek a Ministerial mandate to start the preparatory work on the built-in agenda, including agriculture. The Foreign Ministers resolved that ASEAN members should actively work towards a successful conclusion of the negotiations on basic telecommunications and maritime transport services and that other WTO countries should be urged to also exert themselves with a view to achieving that end. The Foreign Ministers reiterated that ASEAN should oppose any attempt to include issues which were not trade-related, such as corruption and social clause, at the Singapore MC. The Ministers noted that other issues, such as competition policy, may not be mature enough for inclusion at the MC. The Foreign Ministers also endorsed the AEM's position to oppose the inclusion of the Multilateral Agreement on Investment, as it stands, into the agenda of the Singapore MC.

East Asia Economic Caucus (EAEC)

31. The Ministers reiterated their commitment toward the early realisation of the East Asia Economic Caucus (EAEC) which will intensify economic cooperation that is mutually beneficial to its members. In this regard they were happy to note the increasing acceptance of the concept and the rationale for the establishment of such a caucus among the countries of the region.

Asia Pacific Economic Cooperation (APEC)

32. The Foreign Ministers noted that in implementing Part One of the Osaka Action Agenda, the SOM [Senior Officials Meeting] chairman will furnish a report on the overall progress of collective actions and IAP

[Individual Action Plan] preparations to the APEC Ministers in charge of trade at the Christchurch meeting which was held in July 1996. These Action Plans will be formulated in accordance with the general principles and framework of the Action Agenda so as to realize APEC's long term goal of free and open trade and investment in the region.

33. The Foreign Ministers noted that all 18 member economies of APEC have submitted their indicative Individual Action Plans (IAPS) during the APEC Senior Officials Meeting (SOM II) in Cebu City last May. The IAPs will be further refined in the coming months for submission to Ministers. These IAPs together with the report on Collective Actions will be integrated into the Manila Action Plans for APEC (MAPA 1996), the document to be adopted by the APEC Ministerial Meeting in November. The Foreign Ministers noted that APEC devoted attention to part Two of the Osaka Action Agenda pertaining to the economic and technology cooperation (EcoTech), with the view to providing greater coherence and sharper focus to the activities of the Working Groups. They also noted the successful inaugural meeting of the APEC Business Advisory Council (ABAC) in Manila, which further enhanced private sector participation in the APEC process. The Foreign Ministers welcomed the convening of the APEC Business Forum (ABF) on the occasion of the APEC meetings in November 1996 as a way of highlighting and making more effective the role of the private sector in the APEC process.

34. The ASEAN Foreign Ministers expressed full support for Vietnam's request for admission into APEC when the moratorium on new membership in APEC is lifted.

ASEAN Common Time Zone

35. The Foreign Ministers welcomed the initiative of the ASEAN Economic Ministers to establish a working group to discuss the merits of the proposal of having an ASEAN Common Time Zone. The Foreign Ministers noted that while Indonesia, Thailand and Vietnam have GMT plus 7 hours, the other countries, Brunei Darussalam, Malaysia, Singapore and Philippines have GMT plus 8 hours.

Function Cooperation

36. Pursuant to the decision of the Fifth ASEAN Summit to elevate function cooperation to a higher plane to bring shared prosperity to all members of ASEAN, the Foreign Ministers adopted the Framework for Elevating Functional Cooperation to a Higher Plane, the framework consists of the theme "Shared Prosperity

Through Human Development, Technological Competitiveness and Social Cohesiveness" and six measures to guide regional cooperation in science and technology, environment, culture and information, social development, and drugs and narcotics control. The Ministers reiterated the need to encourage the effective participation of woman and youth in all levels of development.

37. The Foreign Ministers reiterated the importance of human resources development and further strengthening the ASEAN identity and raising ASEAN awareness towards the realisation of a caring, cohesive and technologically advanced ASEAN community. In this regard, they welcomed the establishment of the ASEAN University Network by the ASEAN Ministers Responsible for Higher Education, the initiative of the ASEAN Labour Ministers to study the feasibility of establishing an ASEAN Regional Human Resources Development Planning Centre, and the decision of the ASEAN Ministers Responsible for Information to further develop and expand the ASEANWEB and to explore the possibility of establishing an ASEAN Satellite Channel which would enable ASEAN to present its views and culture more effectively to the world.

38. The Foreign Ministers emphasized the need to strengthen the family as a foundation for a strong caring and cohesive society. They expressed their support for the efforts of the ASEAN Ministers Responsible for Social Welfare to establish an ASEAN Regional Mechanism for Family and Child Development.

39. The Foreign Ministers expressed serious concern as underlined by the ASEAN Labour Ministers that attempts to link international labour standards and international trade would undermine the economic growth of developing countries which in turn would affect the economy of developed nations. They reiterated the view that the issue of international labour standards should be discussed in the ILO and not in other non-labour related fora. The Ministers supported the decision to urge the ILO to review the International labour conventions including the so-called fundamental workers' rights conventions.

40. The Foreign Ministers noted with satisfaction the completion of the Medium Term Programme on ASEAN Science and Technology Development (1996-2000), the Medium Term Programme on ASEAN Drug Abuse Control (1996-1998) and the ASEAN Regional Programme on HIV/AIDS Prevention and Control (1995-2000) which further elaborated the respective Action Plans. They supported the vigorous implementation of these programmes to help achieve the goals of a technologically competitive ASEAN, and a drug-free and healthy ASEAN.

41. The Foreign Ministers recognized the need to raise the public profile of ASEAN's activities in the scientific, environmental, narcotics control, social and cultural fields through wider publicity and agreed that valuable contributions of individuals and organizations in these areas should be properly recognized with prestigious ASEAN awards and prizes.

42. The Foreign Ministers called for greater coordination among the various sectors involved in functional cooperation and agreed to strengthen the capability and resources of the ASEAN Secretariat in this area. They stressed the need to explore various funding modalities, including cost-sharing schemes, to ensure the effective and timely implementation of priority functional cooperation programmes.

43. The Foreign Ministers noted the progress made in the setting up of ASEAN Resource Centres in the different areas in ASEAN Member Countries in accordance with the decision of the 8th ASEAN Conference on Civil Service Matters.

Transnational issues

44. The Foreign Ministers recognized the need to focus attention on such issues as narcotics, economic crimes, including money laundering, environment and illegal migration which transcend borders and affect the lives of the people in the region. They shared the view that the management of such transnational issues is urgently called for so that they would not affect the long-term viability ASEAN and its individual member nations. The Ministers therefore agreed that all the works and projects of the existing ASEAN bodies in these areas should be urgently reviewed and recommendations be submitted to the ASEAN Heads of Government for consideration.

ASEANWEB

45. The Foreign Ministers appreciated the initiative taken by the ASEAN Secretariat to launch the ASEANWEB on the Internet. The Ministers noted that the ASEANWEB had expanded to cover more ASEAN activities and that it had also established links to web sites in Member Countries. The Ministers encouraged all ASEAN countries to develop the ASEANWEB into an effective and useful channel of communication on all aspects of ASEAN and its activities and to make full use of it to project ASEAN more effectively.

Celebrations for ASEAN'S 30th Anniversary

46. Recognizing that the 30th Anniversary of ASEAN falls next year, the Foreign Ministers called on each Member Country to plan and organise year-long activities beginning 8 August 1997. The Ministers also called

on the ASC [ASEAN Standing Committee] to coordinate these activities at the national and regional levels with the participation of all the ASEAN committees and bodies.

External Relations

Asia-Europe Meeting (ASEM)

47. The Foreign Ministers welcomed the inaugural Asia-Europe Meeting held in Bangkok on 1-2 March 1996 which successfully launched a New Asia-Europe Partnership for Greater Growth. The historic meeting, attended by the Heads of State and Government from ten Asian countries, consisting of seven ASEAN Member Countries, Japan, Republic of Korea and China, and fifteen European nations and the President of the European Commission, ushered in a new era in relations between Asia and Europe by reinforcing political dialogue at the highest level and strengthening economic links and cooperation in other areas between the two regions. The Ministers agreed to work closely to ensure that ASEAN continues to play a central role in the evolution of ASEM and the implementation of follow-up actions agreed to by ASEM. The Ministers noted that the Second and Third ASEM will be held respectively in the United Kingdom in 1998 and in the Republic of Korea in the year 2000.

Cooperation with Dialogue Partners

48. The Foreign Ministers noted that the Dialogue process has continued to be the most important aspect of ASEAN's external relations. It has provided ASEAN with opportunities to promote its common interests and engage in dialogues on both regional and global issues with some of the most important countries in the world. The Ministers expressed the hope that the achievements in this area could be sustained through increased consultations and mutual understanding.

49. The Foreign Ministers noted, in particular, that regular consultations with Dialogue Partners have facilitated greater cooperation in various areas. The Ministers called upon the Dialogue Partners to remain committed to the promotion of trade, investment, technology transfer and market access for ASEAN products. The Ministers continued to place importance on development cooperation and expressed appreciation for the continued support by the Dialogue Partners in the implementation of various development projects. They expressed ASEAN's readiness to work with Dialogue Partners in a trilateral approach to promote development cooperation with CLM [expansion unknown] countries.

50. The Foreign Ministers welcomed the initiative of H.E. President Kim Yong-sam of the Republic of Korea

which led to the establishment of an ASEAN-Republic of Korea Eminent Persons Group and expressed the hope that the Group's report would contribute to a more dynamic ASEAN-Republic of Korea relations for the 21st century. The Foreign Ministers took note with appreciation the ASEAN-EU EPG [Eminent Persons Group] Report.

ASEAN-Mekong Basin Development Cooperation

51. The Ministers noted the Record of the Ministerial Meeting on ASEAN-Mekong Basin Development Cooperation held in Kuala Lumpur in June 1996 and expressed their satisfaction on the progress achieved towards implementing the Fifth ASEAN Summit decision on ASEAN cooperation in the economic development of the Mekong Basin.

52. The Ministers endorsed the basic framework for the ASEAN-Mekong Basin Development Cooperation as adopted by the Kuala Lumpur meeting. They also reiterated the decision in Kuala Lumpur to open the participation in the cooperation to countries other than the core group, which are currently engaged in development cooperation on a bilateral or multilateral basis in the Mekong Basin or have expressed interest in the ASEAN Mekong Basin Development Cooperation and to international and regional institutions which are interested or engaged in assisting development of the area.

53. They recognised the need for ASEAN countries to establish appropriate modalities for funding the cooperation and noted the agreement to establish, under the Chairmanship of Thailand, an ASEAN and Non-ASEAN Riparian States Experts Group to study the issue further and any other relevant matter connected with the mobilizing of funds and to establish, under the Chairmanship of Malaysia, a Special ASEAN and Non-ASEAN Working Group to study all the issues on the proposed railway links between Singapore and Kunming.

54. The Ministers also supported the decision of the Kuala Lumpur meeting reconvene an annual meeting of Ministers which would be held back-to-back with the Joint Ministerial Meeting of the ASEAN Foreign and Economic Ministers prior to the ASEAN Summit Meeting and that Special Meetings of Ministers could be held, as and when necessary, and to establish a Steering Committee for the ASEAN-Mekong Basin Development Cooperation.

Sectoral Dialogue Relations and Links With Regional Organizations

55. On ASEAN-Pakistan relations, the Ministers noted the move by the ASEAN-CCI [Council of Common In-

terests) to initiate the formation of the ASEAN-Pakistan, Business Council and called for the further strengthening of the sectoral dialogue relations. The Ministers called for continuing efforts to develop linkages and co-operation with other regional organizations mindful of the, limited resources and means available.

India's Gujral Expresses 'Reservations' About CTBT

BK2207104196 *Delhi All India Radio Network in English 0830 GMT 22 Jul 96*

[FBIS Transcribed Text] The external affairs minister has said in Jakarta that as a full dialogue partner, India is seeking areas for accelerating investment from Southeast Asia. Speaking to a group of Indian newsmen at the venue of the ASEAN ministerial meeting this morning, Mr. I.K. Gujral said he has come to Jakarta to focus on India's economic resurgence in recent years. He said India welcomes the Southeast Asian Nuclear Free Zone Treaty signed by 10 countries last year, but it has the reservations about the CTBT (Comprehensive Test Ban Treaty) under which only a particular type of nuclear weapons are sought not to be tested.

ASEAN 'Concerned' About West Blocking Burma's Forum Participation

BK2207035396 *Bangkok THE NATION in English 22 Jul 96 p A1, A2*

[Report by Don Pathan and Yindi Loetchaenchok]

[FBIS Transcribed Text] Jakarta — ASEAN is concerned some Western countries could make a last-minute effort to block Burma's participation in a regional security forum tomorrow.

Despite the lack of any initial opposition from the 19 members of the ASEAN Regional Forum (ARF), ASEAN foreign ministers are concerned about increasing criticism from the West of Burma's integration into the Association of Southeast Asian Nations and its attendance at the forum.

ASEAN ministers will try to obtain an assurance from all ARF foreign ministers, during a dinner hosted by Indonesian Foreign Minister Ali Alatas tonight, that they have no objection to the recommendation by ARF senior officials that Burma and India be invited to attend the forum, ASEAN officials said.

Because Burma and India have not been officially accepted by ARF ministerial participants, their foreign ministers will not attend the dinner.

Asked how Indonesia, the host country, would react if European or U.S. ministers officially objected to

Burma's presence, Alatas replied: "I don't think it will happen."

He earlier told a press conference at the end of the two-day annual meeting of ASEAN foreign ministers that the participation of Burma and India had been "thoroughly" discussed and agreed to at the level of senior ARF officials.

The officials would not have been able to agree if their ministers did not also agree, he added.

Alatas said he had, however, also sought confirmation from ARF ministers. Even though he had not yet received all their replies, so far "I have (received) no objections whatsoever".

Australia, Canada, the European Union and the United States, who are key dialogue partners of ASEAN, have opposed the early welcoming of Burma into the regional grouping, citing widespread human rights abuses and the suppression of political activity by the Burmese military regime.

They have also called for tougher global and regional measures against the ruling Burmese State Law and Order Restoration Council (SLORC) for its recent arrest of more than 260 members and supporters of the opposition National League for Democracy (NLD).

ASEAN has argued that the arrests were a Burmese domestic affair and rejected the Western bid to isolate Burma, saying the grouping had an independent right to make its own decision.

Burma was officially welcomed as an ASEAN observer on Saturday and the grouping held a consultative meeting with Burmese Foreign Minister U Qun Gyaw yesterday afternoon.

ASEAN officials said Ohn Gyaw reiterated Burma's desire and readiness to become a full member and said the country was already preparing for its integration with the grouping.

A Burmese official confirmed that Burma was setting up an ASEAN Affairs Department in the Ministry of Foreign Affairs and studying and re-adjusting its economic system for eventual integration into ASEAN.

Another Burmese official said the country was selecting officials to study ASEAN affairs in Malaysia and the Philippines.

Philippines Foreign Minister Domingo Sison, who attended the consultative meeting, said afterwards that Ohn Gyaw had briefed ASEAN on political, economic and social developments in Burma.

He quoted the Burmese minister as the drafting of a new multi-party constitution was 75 per cent complete. The charter would embrace a presidential system, like Indonesia, with "two houses and an executive branch and an independent judiciary".

Ohn Gyaw also described the country's economic and social efforts, saying the country had embraced an open market economy, he said.

Saizon said Burma had to meet ASEAN requirements, including reaching a certain level of economic liberalization, and join various ASEAN programmes such as the ASEAN Free Trade Area before it could become a full member.

Ohn Gyaw was quoted by ASEAN officials as saying his country had all the potential needed to become an ASEAN member, as it had natural and human resources and no difficulty communicating in English.

He said Burma was in a better position than either Laos or Cambodia, the officials said.

Burma's Foreign Minister Says Western Sanctions 'Unlikely'

*BK2207052696 Hong Kong AFP in English
0520 GMT 22 Jul 96*

[FBIS Transcribed Text] JAKARTA, July 2 AFP) — Burmese Foreign Minister Ohn Gyaw said Monday that the west was unlikely to impose economic sanctions on his military-ruled country despite strident global criticism of its human rights record.

"Why should we be bothered. I mean, it is not coming, and there will not be any sanctions," he told a news conference here.

"Even in the EU (European Union), there are differences of opinion," he said on the eve of a regional forum on security initiated by the Association of Southeast Asian Nations (ASEAN) in the Indonesian capital.

The United States and the EU have spearheaded a campaign to isolate Rangoon in order to compel its ruling military junta to stop repressing its citizens and to respect the results of the 1990 national elections won by the opposition.

However ASEAN, grouping Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, ignored the call and welcomed Burma as an observer despite a warning from an EU official that this jeopardized the deepening of ties between the two groups.

Ohn Gyaw also rejected the West's suggestion to initiate a dialogue with opposition leader Aung San Suu Kyi while leaving open the possibility of talks—but only under the "national convention" which is drafting the country's constitution.

The opposition National League for Democracy walked out of the convention earlier this year, and its members were later intimidated by the military into not attending a convention organized by the party to mark its 1990 electoral victory.

Japan

Japan: No Agreement Reached in 4th Round of Semiconductor Talks

OW2107095196 Tokyo KYODO in English
0930 GMT 21 Jul 96

[FBIS Transcribed Text] Tokyo, July 21 KYODO — The electronic industries of Japan and the United States have failed to reach a comprehensive agreement on a new framework for bilateral cooperation, an industry association said Sunday.

The Electronic Industries Association of Japan (EIAJ) said the two sides remained apart on three of four key outstanding issues on the agenda discussed in a fourth round of negotiations held Saturday in Vancouver, Canada.

The negotiations were aimed at working out a framework for industry-to-industry cooperation after the existing governmental semiconductor trade accord expires at the end of July.

The EIAJ said, "good progress was made in advancing mutual understandings" on the issue involving cooperation between suppliers.

Both sides, however, failed to narrow the difference "as much as desired" on fundamental positions on three other issues — cooperation between suppliers and users, market share monitoring in the Japanese market and deterrence of dumping, it said.

The U.S. Semiconductor Industry Association (SIA) called for the continuation of monitoring of the Japanese market as "of foremost importance and indispensable" to assess the market access situation in Japan, the EIAJ said.

The Japanese contended that their market is open and market share monitoring is unnecessary.

The EIAJ said the SIA objected to a Japanese proposal for the establishment of "a global multilateral framework for industrial cooperation" such as the World Semiconductor Council, after the current Japan-U.S. semiconductor trade accord expires at the end of July.

The U.S. industry's position was that bilateral semiconductor trade arrangements between Japan and the United States should be given priority over the multilateral process, EIAJ officials said.

Both sides, however, agreed to promote bilateral cooperation in such fields as the standardization of technologies for equipment to produce next-generation 300-millimeter wafers, energy savings and the protection of intellectual property, the officials said.

They agreed to continue negotiations in parallel with governmental talks on semiconductor trade between the two countries, the officials said.

Tsugio Makimoto, executive director of Hitachi Ltd. and chairman of EIAJ's electronic devices panel, led the four-member Japanese delegation on behalf of Norio Ohga, chairman of the association, who is in poor health.

The U.S. panel was headed by Pat Weber, chairman of the SIA and vice chairman of Texas Instruments Inc.

Japan: Official Semiconductor Talks Expected To Resume 'This Weekend'

OW2207124796 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 22 Jul 96 Morning Edition p 11

[FBIS Translated Text] Japan and the United States will resume vice ministerial talks on semiconductor trade as early as this weekend, following the office of the U.S. Trade Representative (USTR) presents its counterproposal against Japan's in the beginning of the week. The two sides will enter the final stage of negotiations, hoping to reach an agreement by the end of July.

The talks will center on how the two sides should deal with the issue of monitoring foreign market shares in Japan, on which Tokyo and Washington have different views. They will seek a compromise and work to reach an agreement.

The recent private-sector semiconductor talks ended with delegates of the Japanese and U.S. semiconductor industries in a stalemate. The Ministry of International Trade and Industry termed that outcome "as expected." Now, the final stage of negotiations will shift to government-level talks.

With vice ministerial talks as a start, the Japanese and U.S. Governments will begin the final negotiations to reach an agreement by the end of the month.

Washington has asserted that the vice ministerial talks be held in Vancouver, Canada, in parallel with the insurance negotiations taking place there. However, taking the European Union (EU) into consideration, Japan has proposed holding the talks in Geneva. The two sides will need to hastily decide on details, including the venue of the negotiations.

Japan: Insurance Association Chairman Criticizes U.S. Pressure

OW2107121096 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 20 Jul 96 Morning Edition p 4

[FBIS Translated Text] The Life Insurance Association of Japan formally decided to choose Kenjiro Hata, pres-

ident of the Asahi Mutual Life Insurance Company, as its new chairman at a general meeting on 19 July. Hata commented on the issue of the United States' demanding at the bilateral insurance talks that certain restrictions be placed on services which nonlife insurance companies affiliated with life insurance companies can engage in. He said: "That is the result of pressure by some U.S. companies and is unacceptable." Hata also stressed: "Even if the talks were to remain unsettled by the end of July, there will be no changes in plans for nonlife insurance subsidiaries to begin business."

Regarding plans for the insurance industry to dish out 40 billion yen to a monetary stabilization fund that has been set up to help liquidate the bad loans of housing loan companies, Hata said: "Analyzing the overall situation, it cannot be helped, even though insurance companies do not have as heavy a responsibility as the parent banks in regard to the juseus' operations."

Regarding the state-operated trade insurance system, Hata said: "The system was originally set up to supplement services offered by private insurance companies, but it has gone overboard in some respects. It should be brought back to being operated in an appropriate manner."

Japan: Sasebo Residents Express Concern About U.S. Base Presence

*OW1907154496 Tokyo KYODO in English
1535 GMT 19 Jul 96*

[FBIS Transcribed Text] Nagasaki, July 20 KYODO — Residents of Sasebo in southwestern Japan voiced anxiety Friday night about the presence of the U.S. naval base there in the wake of the assault on a 20-year-old local woman, for which a U.S. sailor is suspected.

"After the rape in Okinawa, this kind of incident has occurred here. I think it is becoming more dangerous," said Momoe Kawazoe, a 40-year-old office worker.

"I was very scared to hear of the assault case, because I am about her age," said a 24-year-old woman. "I want those people to be put under more tightened control," she added.

According to police, the victim, Kaori Tanigawa, was slashed on the throat by a man who approached her from behind while she was walking at about 1 AM Tuesday [16 July] in a park in the port city. Her handbag was also stolen by the man.

Japanese police had obtained an arrest warrant for a 20-year-old crew member of the U.S. guided missile frigate *McClusky*, based at Sasebo, and the United States agreed earlier Friday to hand over the suspect to Japanese police.

Hidetoshi Kitahara, a 69-year-old local resident, said, "I don't feel like I want the U.S. base to go away just because there was a criminal."

He said, however, that he thinks the U.S. agreement to the handover was good because "it was a crime that occurred in Japan."

"I don't want to hear of cases like this anymore," he added.

It would be the first such handover since the U.S. agreed last October to turn over U.S. military personnel suspected in serious criminal cases even before they are indicted.

The agreement followed the abduction and rape last September of a primary school girl in Okinawa by three U.S. servicemen, who were tried by a Japanese court and given prison sentences.

The three had remained in U.S. custody until being indicted, which sparked criticism by the Japanese.

Japan: U.S. Sailor Arrested for Alleged Assault on Woman

*OW2007040496 Tokyo KYODO in English
0215 GMT 20 Jul 96*

[FBIS Transcribed Text] Nagasaki, July 20 KYODO — Police arrested a U.S. sailor Saturday on suspicion of attempted murder and robbery of a 20-year-old Japanese woman in Sasebo, Nagasaki Prefecture in southwestern Japan.

The arrest of Terrence Michael Swanson, 20, came after the United States agreed to hand him over to Japanese police at a meeting Friday of the Japan-U.S. Joint Committee on the Status of U.S. Military Personnel in Japan.

Swanson, who is a crew member of the U.S. Guided Missile Frigate *McClusky*, admitted the charges, police officials said.

The U.S. sailor is suspected of slashing Kaori Tanigawa's throat and stealing more than 10,000 yen from her handbag at about 1 A.M. Tuesday in a parking lot in the port city, police sources said. He attacked her from behind while she was walking home, they said.

The handover of Swanson is the first since the United States agreed last October to turn over U.S. military personnel suspected in serious criminal cases even before they are indicted.

The U.S. Accord to change the handling of U.S. military personnel in criminal cases under the 1960 Japan-U.S. Status of Forces Agreement followed the abduction and

rape of a primary schoolgirl in Okinawa Prefecture by three U.S. servicemen.

Police said the U.S. seaman admitted his involvement in the assault, saying he threw the knife into a river.

Although the knife has yet to be found, police obtained an arrest warrant for the suspect Thursday after judging it possible to prove his intent to murder since the victim's throat was slashed with a knife, police officials said.

Tanigawa, who was seriously injured, is in hospital and still cannot speak, the officials said. She is said to have told the police in writing, "my handbag was stolen. It looked like a foreigner."

Police found the bag near a hospital about 200 meters from the scene of the crime, the officials said.

Police sources said the suspect has been questioned by Nagasaki prefectural police since being taken into custody by U.S. military authorities.

Japan: Article Views Nagasaki Robbery Case Involving U.S. Soldier

OW2207083396 Tokyo MAINICHI SHIMBUN
in Japanese 20 Jul 96 Morning Edition p 2

[Article by reporter Hiroshi Komatsu]

[FBIS Translated Text] A case of attempted robbery by a U.S. serviceman in Sasebo, Nagasaki Prefecture, on 16 July was quickly resolved when the Japanese and U.S. Governments decided three days later on 19 July that the suspect would be turned over to Japanese authorities. The Japanese and U.S. Governments rushed to settle the issue because they wished to avoid its developing into a big issue like the anti-U.S.-military-base movement that flared up in Okinawa last year following the rape of a young girl by U.S. servicemen. The Japanese Government has repeatedly urged U.S. forces to make efforts to prevent the recurrence of such incidents, saying: "We pray that such incidents will never happen again" (as stated by Chief Cabinet Secretary Seiroku Kajiyama). However, it remains uncertain whether such incidents can be completely eradicated. The fact that the Japanese and U.S. Governments have handled the issue in what could be considered a painstaking manner once again indicates that resolving U.S. military base-related issues is indeed a very delicate task.

The latest incident is the first case in which Japanese and U.S. authorities applied the revision made last fall to administering provisions under the Japan-U.S. Status of Forces Agreement [SOFA] that permits the "turning over of suspects before their indictment." Regarding the Japanese and U.S. Governments' being pressed to

handle the incident promptly, a senior official at the Ministry of Foreign Affairs has admitted: "We felt we should not allow the incident turn out like the case in Okinawa and let it shake up the Japan-U.S. security arrangement." A top official at the Defense Agency also expressed strong concerns over the incident's possible impact on the Okinawa military base issue, saying: "Matters like this have various implications."

On the afternoon of 19 July, Akira Matsuo, vice governor of Nagasaki Prefecture, who visited the Prime Minister's Official Residence to meet Sadajiro Furukawa, deputy chief cabinet secretary, told reporters: "An incident like this led to the flaring up of the Okinawa's military base issues. Unless appropriate steps are taken, we may face a situation like that in Okinawa." In this way, Matsuo revealed that the Nagasaki Prefectural Government [NPG] is concerned about the possibility of the incident turning Nagasaki into "another Okinawa." Following the incident, the NPG and Sasebo City officials, as if in anticipation of expected progress in police investigations, repeatedly made remarks urging military authorities to turn over the suspect to Japanese authorities before his indictment. This shows that the state and local authorities shared a common desire to prevent the incident from leading to anti-U.S. and anti-base movements.

On 4 September 1995, a young girl was raped by U.S. servicemen in Okinawa. The Japanese Government was slow to respond to the incident. Two weeks later, Yohei Kono, who was foreign minister at the time, announced that it was unnecessary to review the SOFA, saying: "The local residents' sentiments are understandable, but the investigations are being conducted smoothly." However, Okinawa Governor Masahide Ota immediately announced his intention to refuse proxy signing [of documents necessary to force a landowner to renew the lease contract on a plot of land in the Sobe Communications Site in Yomitan, Okinawa Prefecture], and Okinawa's military base issue became the focal point of national attention. As a result, the Japanese Government, in distress, decided to try to wade out of the trouble by revising the administering of SOFA provisions. On 25 October, the Japanese and U.S. Governments finally managed to conclude an agreement to permit turning over U.S. servicemen suspected of violent crimes to Japanese authorities before their indictment.

It may be said that the prompt settlement of the latest incident indicates that the Japanese Government has "learned a lesson" from its bitter experience with the rape incident in Okinawa. Moreover, openly criticizing the Sasebo incident or demanding that U.S. forces apologize or implement preventive measures could add

fuel to local sentiments instead. Consequently, the government hurriedly conducted behind-the-scenes maneuvers to contact U.S. authorities. Prior to settlement of the incident, Prime Minister Ryutaro Hashimoto told reporters on the afternoon of 19 July: "I think that things will surely turn out that way (the suspect will be turned over)." At the same time, Hashimoto added: "I am sorry, but just in case I am wrong, the consequences will be considerable, so please wait a while (for my comments)." Thus, the care that the prime minister took in selecting his words indicated the subtle significance of the latest incident.

Japan: SDP Urges Anti-U.S. Forces Rally in Wake of Assault

OW2207101096 Tokyo KYODO in English
0950 GMT 22 Jul 96

[FBIS Transcribed Text] Nagasaki, July 22 KYODO — The Social Democratic Party (SDP) in Nagasaki Prefecture has decided to hold a rally in Sasebo on Tuesday [23 July] in protest at a U.S. sailor's alleged attempt to murder and rob a 20-year-old local woman, organizers said Monday.

The rally which will be held in a park near the scene of the alleged crime will demand decisive measures to curb crimes by U.S. servicemen. It will also urge a revision of the Japan-U.S. Status of Forces Agreement which covers the treatment of U.S. soldiers involved in crimes in Japan, the organizers said.

Terrence Michael Swanson, 20, was arrested Saturday after the United States agreed Friday during a bilateral meeting to hand him over to Japanese police.

Swanson, a crew member of the 3,638-ton U.S. Guided Missile Frigate McClusky, is suspected of slashing Kaori Tanigawa's throat early last Tuesday in a parking lot in the western Japanese port city.

He is also suspected of stealing more than 10,000 yen from her handbag, police said.

Labor unions and women's groups are expected to join the rally, which will also adopt a resolution calling for a complete withdrawal of all U.S. military bases from Japan.

Despite heightened antimilitary sentiment in the wake of the assault, a U.S. nuclear-powered submarine capable of carrying nuclear warheads, entered the U.S. base within Sasebo port earlier in the day.

A pacifist group affiliated with the SDP met the Los Angeles Class Submarine La Jolla with a demonstration demanding that U.S. military vessels be banned from the port "given the recurrence of crimes" linked to soldiers.

It is not known how long the port call, the 100th by a U.S. nuclear submarine in Sasebo, will last. The stopover is for replenishing provisions and to enable the submarine's 130 soldiers to have some time ashore.

The annual number of port calls by U.S. nuclear submarines has increased rapidly since 1991 when there was rising suspicion that North Korea's nuclear program was a covert nuclear weapon program.

Japan: Antibase Candidate Wins Village Chief Election in Miyake

OW2007135596 Tokyo KYODO in English
1331 GMT 20 Jul 96

[FBIS Transcribed Text] Tokyo, July 20 KYODO — A candidate opposed to construction of a base for night-landing practice (NLP) by U.S. military aircraft won an election for village chief of Miyake, an island some 200 kilometers south from central Tokyo, on Saturday.

Nakayuki Hirose, 68, former vice chief of the village assembly, defeated Kazuyoshi Yamada, 69, a former assembly member.

The defense facilities administration agency plans to construct an NLP base in the island.

U.S. military aircraft are conducting NLP on Iwojima island about 1,300 kilometers south of Tokyo as a temporary measure.

The U.S. forces previously conducted NLP at Atsugi naval air station in Kanagawa prefecture. But Japan and the United States agreed to move the landings to the island from 1993 due to complaints about noise from residents around Atsugi.

Japan: DA Stresses National Interest in Forced Land Use

OW2107161696 Tokyo MAINICHI SHIMBUN
in Japanese 19 Jul 96 Morning Edition p 2

[FBIS Translated Text] The government Committee for Promoting Decentralization (led by Chairman Ken Moroi) held a joint meeting with the Local Community Development Division and other organizations on 18 July. At the meeting, the committee asked the Defense Agency (DA) its opinion about the procedures needed for forced use of land for the U.S. military bases on Okinawa. In explaining its original view, the DA said: "In view of securing national interests which are the existence and security of Japan, the procedures are of great significance and a matter of public interest. Since the procedures have to do with duties under the treaty, the government should take responsibility for their execution."

The committee has held consultations on roles to be shared by the national and municipal governments after abolishing duties performed under the system of assigning state functions to local authorities. Concerning the procedures for forced land use, it has studied to classify such duties into two different kinds. One is legally designated duties that local authorities are obligated to perform (*hotei jutaku jimu*), while allowing the national government to take a large part. The other kind of duties will be directly performed by the national government. With regard to these classifications, the DA merely stated that "the study is still under way" to determine which is more desirable.

In connection with this issue, the government has studied its measures, including enactment of special legislation to accelerate procedures for forced land use.

Japan: Government Requests Cut in Size of MCAS Futenma

OW1907141096 Tokyo YOMIURI SHIMBUN
in Japanese 19 Jul 96 Morning Edition p 1

[FBIS Translated Text] Regarding the Japanese Government's proposal that Marine Corps Air Station [MCAS] Futenma be relocated to Kadena Air Base [KAB], the government decided on 18 July to promote negotiations with the U.S. Government in line with its request that the substitute heliport be about half the size of MCAS Futenma (480 hectares). The relocation of MCAS Futenma is the top issue in the efforts of both the governments to reorganize and reduce U.S. military bases on Okinawa. Although the U.S. Government has demanded that runways be built in addition to the substitute heliport, the Japanese Government intends to try to drastically reduce the scale of the substitute heliport by requesting that the substitute heliport for MCAS Futenma use the existing runways at KAB. In this connection, Masahiro Akiyama, chief of the Defense Agency's Bureau of Defense Policy, met with Franklin Kramer, U.S. assistant secretary of defense, who is currently visiting Japan, on 18 July, and reiterated the request that the scale of the substitute heliport for MCAS Futenma be reduced.

The Japanese Government has decided on this policy because it "hopes to soften the Okinawan people's opposition to a new base construction," (as stated by a government source).

Japan: Town Officials Note Opposition to Heliport Relocation

OW2007132196 Tokyo RYUKYU SHIMPO
in Japanese 20 Jul 96 Morning Edition p 2

[FBIS Translated Text] Residents of Kin Town held a rally recently in connection with a proposed relocation of a heliport to Kin Town in exchange for the return of the Marine Corps Air Station Futenma. Following this, Kin Town Mayor Katsuhiko Yoshida and five other representatives of the rally's action committee visited the Okinawa Prefectural Government and the Naha Defense Facilities Administration Bureau on 19 July to express their "resolute opposition" to relocation.

At the rally, participants said, "Relocation of the heliport will inflict further noise pollution and unmeasurable danger on residents." They clearly expressed their opposition to relocation of the heliport, which may strengthen base functions.

Yoshida told Governor Executive Director Msaaki Aguni that "We would like the prefectural government to respect our will and to handle this matter from the viewpoint of refusing relocation to any places in Okinawa." Kin Town Assembly Speaker Zenkichi Teruya said: "Even if we approve the security treaty with the United States, the burden should be shared by all Japanese people. Why should only Kin townsmen bear it? We cannot approve the relocation of the heliport."

Japan: Okinawa Inclined To Accept Heliport at Kadena Base

OW2207074796 Naha RYUKYU SHIMPO
in Japanese 21 Jul 96 Morning Edition p 2

[FBIS Translated Text] As negotiations between Japan and the United States on the relocation of the Futenma heliport enter a critical stage, the Okinawa government is gradually leaning toward rejecting the construction of a new facility and accepting the relocation and integration of the heliport at Kadena Air Base [KAB].

Even at an early stage, Governor Masahide Ota had already taken a negative position on relocating the heliport to the Kadena ammunition storage area, where rare species of flora and fauna thrive. Recently, local governments having jurisdiction over Camp Hansen and Camp Schwab, which are also being named as possible relocation sites, have also come out actively against the relocation. The prefectural leadership has, therefore, come to adopt the position of rejecting the construction of a new heliport with a runway.

At the moment, the Okinawa government claims that "there has not been any formal notification from the

national government." Officially, it is taking a wait-and-see attitude.

However, at a news conference held after he testified at the Supreme Court, Ota commented on the interim report of the Japan-U.S. Special Action Committee on Okinawa (SACO) on the consolidation and reduction of U.S. military bases. He said: "Most of the proposals are premised on relocation to other existing U.S. military facilities and sites in Okinawa. They are not fully acceptable to the Okinawa people." However, with regard to the return of Marine Corps Air Station Futenma, he stated: "We are by no means saying that, if the return is to be conditional, we will have to start from scratch again." He indicated willingness to do his best on the relocation issue.

Nevertheless, this statement by the governor does not necessarily mean acceptance of a new heliport with a runway, which the Japanese and U.S. Governments are considering.

The prevailing view in the prefectural government is that "relocation is unacceptable" if the relocation site: 1) is a densely populated area; 2) entails mass deforestation; 3) is home to rare species of flora and fauna; and 4) will result in increased damage from the bases. Top prefectural officials have even stated bluntly that, "It will be impossible for the governor to persuade local authorities to accept the heliport relocation (to come with a new runway)."

As the proposals by the Japanese and U.S. Governments are getting much attention, senior Okinawan officials complain to the national government: "You ought to understand that relocation with all the previously held functions kept intact will be problematic. If you want to maintain all the functions, you should also consider relocation to the Japanese mainland."

One top prefectural official says: "If they could withdraw the Harriers in Iwakuni, they should also be able to reduce the F-15's in Kadena." He adds: "Unless the concentration of U.S. bases is reduced from the present level, relocation will be difficult." He is looking at the possibility of integrating the heliport at Kadena Air Base in conjunction with a reduction of the Air Force presence.

However, even the plan to integrate the heliport into Kadena is considered difficult, because there is strong opposition from local communities near Kadena, particularly the town of Kadena. KAB occupies 83 percent of Kadena Town's total land area.

Japan: Okinawa Opposition to Heliport Transfer Detailed

*OW2207085196 Naha RYUKYU SHIMPO
in Japanese 21 Jul 96 Morning Edition p 2*

[FBIS Translated Text] More than three months have passed since the Japanese and U.S. Governments announced the "full return" of Marine Corps Air Station [MCAS] Futenma.

In Okinawa, although there are people who express their appreciation for the return, there is increasing criticism of setting relocation of Futenma's heliport as the condition for the return. Legislatures in all local communities being cited as possible relocation sites have passed resolutions opposing the relocation, and this attempt at "shuffling the bases around" has triggered strong indignation among the local residents.

The full return of MCAS Futenma, which the two governments regard as a "symbolic issue in the base problems," and the relocation of the heliport are still in a state of uncertainty, with no solution in sight.

Plans proposed by the national government for construction of a replacement heliport for Futenma include: incorporating this function at Kadena Air Base, and constructing a new heliport with a runway at either the Kadena ammunition storage area, Camp Hansen, or Camp Schwab. In this connection, the legislatures of all eight affected local governments—Kadena, Chatan, Okinawa, Yomitan, Onna, Kin, Nago, and Ginoza—have all adopted resolutions opposing the relocation.

Most of these resolutions object to the heliport's relocation on the ground that this will result in: 1) reinforcement of base functions; 2) permanent presence of the bases; 3) increased damage from the bases; and 4) overcrowding (quantitative expansion) of bases. They oppose the relocation from the standpoint of safeguarding the local residents' life, property, and living environment.

In conjunction with the local assemblies' protest resolutions, mass rallies by local residents have also been held in Kadena, Yomitan, Nago, and Kin. The relocation issue has inflamed the local residents' "anti-base" sentiments on a suprapartisan basis.

The Association of Local Governments of the Central Region strongly opposes the heliport's relocation in Okinawa Prefecture because this "overlooks the abnormal state and overcrowding of U.S. military bases in Okinawa, and pays absolutely no attention to the Okinawa people's human rights and rights to their livelihood, as well as to the bitter pleas they have made so far." The association also goes one step further by demanding that

the target relocation sites for base functions be expanded to include "the Japanese mainland and U.S. territories in Asia and the Pacific."

The Association of Local Governments of the Northern Region also regards the relocation as an act of "imposing cruel burdens and sacrifices." It clearly indicates its opposition.

On 16 July, the prefectural assembly passed a unanimous resolution opposing the relocation of the Futenma heliport within Okinawa. On 17 July, representatives, including Mayor Katsuhiko Yoshida, of Kin Town, where a mass rally protesting the relocation plan had just been held, demanded that the prefectural government ask the Governments of Japan and the United States to respect the local residents' wishes in their solution of the problem. The upsurge in public opinion in the candidate relocation sites is putting considerable pressure on the negotiations between the two governments and on the Okinawa government's position on this issue.

Japan: DFAA Considers Building Floating Heliport off KAB

OW2107155896 Tokyo TOKYO SHIMBUN
in Japanese 18 Jul 96 Morning Edition p 1

[FBIS Translated Text] It was disclosed on 17 July that, in connection with relocation of U.S. Marine Corps Air Station [MCAS] Futenma, the Defense Facilities Administration Agency [DFAA] is considering building a "floating heliport" off U.S. Kadena Air Base [KAB]. Although no floating heliport has ever been built in the world, it is said it would be effective in easing noise pollution and less destructive to the environment compared to one built by reclaiming land. It is estimated that the project will require about 200 billion yen and take five years. The DFAA regards the plan as "a card" for winning local people's understanding of relocating MCAS Futenma.

Many huge iron blocks, 300 meters by 40 meters by 5 meters thick, will be combined to build an "offshore mega float structure," and runways, hangars, and other facilities will be constructed on top.

The agency is considering floating and mooring it off KAB with gears stretching from the sea bottom. The structure will be connected to the land with a bridge for smooth transportation of personnel and goods. The DFAA says that noise pollution, the problem at issue, will be eased by building an offshore facility, and that efforts should be made to minimize as much as possible the impact on fisheries and the environment by building a breakwater through which sea water can percolate. Although an offshore facility, it would still be a "relocation of base functions within Okinawa," which

Okinawa opposes. Local people's reaction is now the object of public attention.

Last April, the United States announced the return of MCAS Futenma within five to seven years. Since then four places, Kadena ammunition depot, Camp Hansen, Camp Schwab, and KAB, are listed as candidate sites for new heliports. However, building the heliport in any of them seems to be difficult due to opposition from local people, and it was possible that the relocation plan itself would be shelved.

On the assumption that residents would approve the floating heliport, the DFAA asked Ishikawajima-harima Heavy Industries Company and another shipbuilding firm to prepare a joint plan, and they have already submitted the concrete plan.

If the program takes shape, it will be a big project for Japan's shipbuilding and steel industries.

Japan leads the world in research on floating offshore structures. Under the Transport Ministry's guidance, 17 shipbuilding companies and steel makers formed the "Association for Research of Mega Float Technology" (headed by Mitsubishi Heavy Industries Chairman Kentaro Aikawa) in April last year. Although no ultralarge floating facilities, such as airports, have been constructed before, concerned official said, "In terms of technology, it would be possible to start construction even tomorrow." He also said that, compared to building heliports by reclaiming land, "the work would take half as long, and construction costs would be cut by 30 percent."

Japan: Okinawa Daily Criticizes Defense White Paper

OW2107120496 Naha RYUKYU SHIMPO
in Japanese 20 Jul 96 Morning Edition p 5

[Editorial: "Defense White Paper Deviates from Realities"]

[FBIS Translated Text] "Defense of Japan" (defense white paper) of 1996, the guideline to Japan's defense describing such important factors as the international situation and Japan's defense buildup plan, was submitted and approved at the cabinet meeting on 19 July. The report is the first white paper after the new Defense Program Outline Plan was drawn up. What distinguishes the report from the previous ones is that, for the first time, the report has been given the subtitle, "Response to the New Age." What draws our attention is that the report widely discusses the issue of Okinawa as the most important theme of security.

Working out defense policies is important because they affect the safety and life of each citizen. At the

same time, it is also important because appropriate financial spending is necessary on various occasions to maintain defense capabilities, including base facilities and equipment. It goes without saying that working out the white paper on defense every year is aimed at deepening the people's understanding of defense issues.

The recent development of the situation of military bases in Okinawa reflects the fact that it would be difficult to smoothly carry out defense policies if the government fails to win the people's understanding. In view of this, the Defense Agency [DA] indicates that it is paying attention to the issue of U.S. military bases in Okinawa, saying that "the report devotes more than twice as many pages to discussing Okinawa-related issues as it did last year" (a senior DA official). However, what we notice in the report are expressions that stress efforts of the government and the fruit of Japan-U.S. cooperation.

As for the issue of returning Marine Corps Air Station [MCAS] Futenma, which the report cites as the biggest fruit obtained, the report says the fruit was produced under the prime minister's strong leadership. But the white paper does not refer to the fact that a plan to construct a substitute heliport is facing strong resistance from residents of the prefecture, who say the relocation plan merely moves facilities from one base to another in the prefecture. The report also avoids touching on the actual situation of the Sobe communication site, which is in a state of illegal occupation. Furthermore, while saying that public interest in the military base issues has spread nationwide after the rape of a primary schoolgirl by U.S. servicemen and Governor Ota's refusal to sign paperwork on behalf of an antimilitary landowner, the report does not touch on growing calls for reviewing the Japan-U.S. Status of Forces Agreement [SOFA]. Although the paper stresses that "it is important to promote realignment, consolidation, and reduction of the military bases," we wonder how much of what is described in the report is effective.

One may criticize the report for avoiding "describing things inconvenient to the government" on the whole in connection with the Okinawa issue. It is inevitable to face such a view.

In April, after the summit talks, both the Governments of Japan and the United States announced the "Japan-U.S. Joint Security Declaration" with the Japan-U.S. security arrangement as a base for stability in the Asia-Pacific region. As an axis of the security arrangement, the declaration proposed the maintenance of about 100,000 forward-deployed forces, including the U.S. Forces in Japan (about 47,000 personnel), on the grounds that the situation in the Korean peninsula con-

tinues to be tense and that China is improving the quality of its military capability.

However, the situation has eased considerably since the end of the Cold War, and this is undeniable fact. In view of this, we wonder why "qualitative improvement of defense capability," "maintaining the current level of U.S. troops in Japan," and "maintenance of Japan-U.S. defense cooperation" are needed. The white paper is abstract and unpersuasive. As the report is subtitled "Response to the New Age," the government is required to study how to win the people's understanding on defense policy.

What is described in the white paper will not help to fundamentally settle the Okinawa issues. If the government really considers the Okinawa issues to be the most important theme of security, it is hoped that the government will analyze and explain how it sees and responds to the situation.

Japan: New Frontier Party Criticizes Defense White Paper

OW2207085296 Tokyo MAINICHI SHIMBUN
in Japanese 20 Jul 96 Morning Edition p 20

[FBIS Translated Text] The New Frontier Party [NFP] issued on 19 July comments by Hajime Ishii, minister in charge of security policy of its "Cabinet for Tomorrow," on the 1996 defense white paper.

The statement criticizes the white paper for "not indicating concrete measures for the effective functioning of the Japan-U.S. security alliance, nor a clear policy on [Japan's] cooperation with the United Nations, including involvement in UN peacekeeping operations (PKO)."

Japan: 'Tentative' Decision on New Okinawa Live-Fire Site Noted

OW2007120396 Naha OKINAWA TIMES in Japanese
20 Jul 96 Morning Edition p 2

[FBIS Translated Text] Regarding the issue of relocating the site of the U.S. military's live-fire drill across Prefectural Highway 104 in Okinawa, it was disclosed that the Defense Facilities Administration Agency [DFAA] on 19 July informed Miyagi Prefecture of a tentative decision to chose Ojojihara training ground (located at the border between three towns, including Yamato-machi) in Miyagi Prefecture as one of five new locations.

This was disclosed at a meeting of the general affairs planning committee of the Okinawa prefectural assembly.

The main reason why Ojojihara was selected is that it is possible to secure land where long-range artillery drills can be held, according to the prefectural government.

Japan: Miyagi Governor Opposes U.S. Use of Local Firing Range

OW2207065196 Tokyo KYODO in English
0628 GMT 22 Jul 96

[FBIS Transcribed Text] Sendai, July 22 KYODO — Miyagi Gov. Shiro Asano voiced opposition Monday to a proposal to allow the U.S. Military in Japan to use a Self-Defense Forces artillery firing range on land in three local towns.

"Because of anxiety among the local residents, I cannot accept such a proposal," Asano said at a press conference.

It is the first official opposition expressed by the Miyagi prefectural government to a central government proposal to allow the U.S. forces to use the Ojojihara firing range in the prefecture in northeastern Japan.

Tokyo plans to use five sites, including the one in Miyagi, in rotation as replacements for a U.S. military firing range in Okinawa Prefecture.

The Okinawa range is on land at Camp Hansen of the U.S. forces, but because of its configuration, part of a prefectural highway on the island has to be closed during drills, inconveniencing local residents.

Japan and the United States decided on the transfer following their agreement in April to reduce the number of drills and U.S. bases in Okinawa, Japan's southernmost island prefecture.

The central government is currently discussing the proposal with the U.S. before making a formal decision this summer.

The four other sites are the Yausubetsu range in Hokkaido, the Kitafuji Range in Yamanashi Prefecture, the Higashifuji Range in Shizuoka Prefecture and the Hijudai Range in Oita Prefecture.

Japan: Editorial Views U.S. Forces' 21st Century Plan, Urges Cuts

OW2007120596 Naha RYUKYU SHIMPO
in Japanese 19 Jul 96 Morning Edition p 5

[Editorial: "We Should Keep Urging Troop Cuts — New U.S. Strategy and Okinawa"]

[FBIS Translated Text] The U.S. Department of Defense has recently released the "Point Vision 2010" blueprint for U.S. Forces' new strategic concept for the 21st century. The new strategic report was formulated to

indicate the U.S. Forces' concept of national defense and military operations in the early 21st century. It says U.S. forces should secure the dominant position by reinforcing troop and equipment mobility in view of technological innovations.

The concept seeks reduction of defense-related expenditures by securing better mobilization capability through utilization of high-tech equipment and closer tieups with allied nations in such fields as operation, equipment, and supply procedures. The U.S. Government is under pressure to curtail the defense budget as the Congress and external circumstances are calling for new defense policies in the post-Cold War period.

In connection with the strategic report's proposal for better deployment and supply capability, the United States has great expectations for burden-sharing by Japan. Financial contribution to U.S. Forces Japan (USFJ), assistance by the Self-Defense Forces (SDF), and participation in the Theater Missile Defense (TMD) project are proposed in line with review of the guidelines on Japan-U.S. defense cooperation.

The strategic report stresses that the U.S. military presence overseas is still very important, but, hereafter, U.S. forces will certainly lean toward overseas stationing only in the event of emergencies. In the future, better mobility of troops and equipment may result in troop cuts in Okinawa. As Okinawans, we would like to pay attention to this point.

Emergency Stationing is Future Goal

The new strategic report notes that the primary objective of U.S. forces is to prevent military conflicts. On the other hand, the capability to "fight and win" is required by U.S. forces when conflict prevention fails, and, to secure such a capability, U.S. forces should have overall predominance. In addition to the predominance of intelligence capabilities, the report advocates 1) better operational capability, 2) high-accuracy combat, 3) fail-free defense, and 4) concentrated supply systems.

These concepts are not quite unique because those are based on previous Pentagon policies. The effectiveness of ultramodern weapons and the importance of the swift mobilization of troops and equipment were demonstrated during the Gulf war. Strategic sea transportation, peacetime preparation of equipment, adequate air transportation, and the need for assistance from allies were all proposed in earlier reports by the Pentagon.

Some U.S. Defense Department officials are studying the possibilities for the future scaledown of USFJ. In connection with the new strategy, some say that a U.S. troop cut in Okinawa will be brought up in the near

future. That may be true in the long run. The strategic need for U.S. forces to maintain numerous troops overseas will be gradually decreased by the effective use of ultramodern weapons, peacetime buildup of equipment, reinforced supply systems, and burden-sharing by allied nations.

In particular, the stationing of field combat units such as the U.S. Marines leads to constant frictions with the local host-nation community. The United States should compare the negative aspect with its national interest. Earlier Pentagon reports stressed that the peacetime presence of U.S. overseas forces is an indispensable factor of the national security strategy of the United States in the sense that "it is a proof of U.S. commitment to defend the interests of the United States and its allies."

Even if the United States wants to maintain its present strength overseas, that would seem to be certainly impossible. No sovereign nation would stand for the presence of foreign forces on its territories for over half century, acting as if they are occupation forces.

Strong Action From Okinawa

In the long run, U.S. forces will cut its strength overseas. However, we should not be too optimistic because, in some regions, past U.S. troop cuts did not lead to remarkable changes. Former U.S. President Jimmy Carter once called for a pullout of U.S. Forces from the ROK, but the plan never came true.

Many U.S. troops left Asia according to the Nixon Doctrine. Following the conclusion of the Vietnam war, U.S. forces withdrew from Vietnam, Cambodia, Thailand, and almost all nations in Southeast Asia.

The reasons and extents of U.S. troop cuts vary depending on many factors. The U.S. withdrawal from Taiwan was because of the U.S. decision to normalize diplomatic relations with the PRC. In the Philippines, the closure of U.S. bases resulted from several reasons, such as grassroots antibase movements, a breakup of intergovernment negotiations on land lease conditions, and volcano damage.

U.S. troops and facilities in Okinawa, mainland Japan, and the ROK have become much smaller compared with the Vietnam war period; however, the pace of U.S. troop cuts in northeast Asia is much slower than that in Southeast Asia. When U.S. forces reduced their strength in mainland Japan, fighter planes from Yokota were moved to Kadena. The command of 1st Marine Aircraft Wing was moved from Iwakuni to Camp Butler, and some units in The Philippines came to Kadena and Pateros following closure of Clark and Subic bases.

The primary reason for the U.S. military presence in Okinawa is certainly policy and monetary support from the Japanese Government. The Okinawa Prefectural Government advocates an action plan to remove all U.S. bases by the year 2015 as well as a redevelopment plan aiming at the development of an international city. To achieve the goals, Okinawa must change the Japanese Government's policy to maintain U.S. bases — in particular, Okinawa must stop Japan's monetary support for U.S. Forces. To the United States, Okinawa should frankly state that the bases are surrounded by the hostile feelings of the Okinawan people. Okinawa must take strong action to accelerate the trend toward bases reductions.

Tokyo Affirms Intent To Fund 20 Percent of KEDO Project

OW2207083696 Tokyo *NIHON KEIZAI SHIMBUN* in Japanese 21 Jul 96 Morning Edition p 1

[FBIS Translated Text] The government has affirmed that it will have to bear a full 20 percent of the cost of the Korean peninsula Energy Development Organization's (KEDO) project based on a U.S.- DPRK framework agreement to build two light-water reactors in the DPRK (North Korea). That would in effect amount to Japan's putting out more than 100 billion yen, as the total construction cost of the project is expected to exceed \$5 billion. The government will begin making necessary arrangements with the U.S. and ROK Governments. It also plans to wait until the Korea Electric Power Corporation, which is in charge of the construction project, submits the final report on the estimated cost of the project before drawing up a program on financial aid which will extend over several years. Although the Japanese disbursement will be in the form of a loan to North Korea via KEDO, the government cannot expect North Korea to make interest payments for a while. Consequently, this is expected to create a big controversy in Japan.

After this summer, the government plans to conclude a fund provision treaty (tentative name) with KEDO after the latter firms up its final cost estimate. According to the U.S.-DPRK framework accord, North Korea has announced that it plans to repay the construction costs in the future via KEDO. However, the government believes that, "even if the principal were to be repaid, there is a strong possibility that we would have to come up with the interest payments ourselves, and, since it would be difficult to make allocations from the general budget to take care of the interest payments, we will need a new mechanism for implementing financial measures" (according to a Foreign Ministry source).

The KEDO project to provide light-water reactors to North Korea consists of building two reactors with a total output of 2 million kilowatts in Sinpo, a coastal city facing the Sea of Japan and located in the northeastern part of the country, by the end of 2003. In addition, relevant facilities are to be constructed and roads are to be built around the area. Therefore, Japanese financial aid to North Korea via KEDO will "extend over several years and the amount to be extended will vary from year to year" (according to a senior Foreign Ministry official). In consideration of, among other things, fluctuations in exchange rate losses and costs of construction materials and political developments in North Korea, the government maintains that in making final arrangements with the U.S. and ROK Governments, it "would like to decide on how much each country should bear based on the actual amount of money rather than on percentages."

According to a preliminary report on cost estimates which the Korea Electric Power Corporation submitted on 15 July, total costs will exceed \$5 billion. Therefore, even if Japan, the United States, and the ROK were to request via KEDO that costs be cut back, it is certain that total costs will considerably exceed the original estimate of \$4 billion.

Japan: LDP Secretary General Kato Leaves for U.S. Trip

OW2107031196 Tokyo KYODO in English
0243 GMT 21 Jul 96

[FBIS Transcribed Text] Tokyo, July 21 KYODO — Koichi Kato, secretary general of the Liberal Democratic Party (LDP), left for the United States on Sunday to discuss bilateral security matters with U.S. Government officials.

Kato, who holds the no. 2 post in the ruling coalition's dominant party, will meet with Defense Secretary William Perry and other U.S. administration officials in Washington.

They will exchange views on security issues, including the reduction of U.S. military facilities in Japan's southwestern prefecture of Okinawa, LDP officials said.

Kato is also scheduled to make addresses in Washington and New York on Japan-U.S. relations and the Japanese political situation in general, the officials said.

Kato will return home July 27.

Japan: Foreign Ministerial Talks Over Islands Begin With Russia

OW2207051996 Tokyo KYODO in English
0427 GMT 22 Jul 96

[FBIS Transcribed Text] Jakarta, July 22 KYODO — Japanese Foreign Minister Yukihiko Ikeda and Russian Foreign Minister Yevgeny Primakov started talks here Monday to discuss ways to resolve a bilateral territorial dispute.

Attention is being focused on whether they can fix the schedule for the reopening of bilateral subcabinet-level negotiations on the long-standing row over four Russian-held islands off Japan's northernmost main island of Hokkaido.

Prime Minister Ryutaro Hashimoto and President Boris Yeltsin confirmed in their summit in Moscow in April that they will strive to settle the spat in line with the 1993 Tokyo declaration.

The declaration, issued when Yeltsin visited Japan in October 1993 for a summit with then Prime Minister Morihiro Hosokawa, calls for an early resolution of the dispute over the four islands — Etorofu, Kunashiri, Shikotan Islands and the Habomai group of islets.

In addition, Ikeda and Primakov agreed, in their meeting in Lyons, France, in late June to resume territorial negotiations after the presidential election in Russia.

Japan has long demanded the return of the islands that the former Soviet Union seized at the end of World War II and for the conclusion of a bilateral peace treaty.

Tokyo, Moscow Agree on Regular Ministerial Talks Over Islands

OW2207072196 Tokyo KYODO in English
0655 GMT 22 Jul 96

[FBIS Transcribed Text] Jakarta, July 22 KYODO — Japan and Russia agreed Monday to hold a regular bilateral meeting of foreign ministers in Tokyo possibly in November to discuss ways to resolve their territorial dispute, a Japanese official said.

The accord was reached at a meeting in Jakarta between Japanese Foreign Minister Yukihiko Ikeda and his Russian counterpart Yevgeny Primakov, the official said.

Tokyo and Moscow have for decades been at loggerheads on ownership of four Russian-held islands off Japan's northernmost main island of Hokkaido.

The former Soviet union seized the islands — Etorofu, Kunashiri, Shikotan islands and the Habomai group of islets — in the closing days of World War II.

Japan: Further on Ministerial Talks With Russia Over Islands

OW2207100296 Tokyo KYODO in English
0902 GMT 22 Jul 96

[By Takehiko Kajita]

[FBIS Transcribed Text] Jakarta, July 22 KYODO - Japanese Foreign Minister Yukihiko Ikeda and Russian Foreign Minister Yevgeny Primakov agreed Monday to meet again, possibly in November, to discuss ways to resolve a decades-old territorial dispute between the two countries.

At the outset of their meeting in Jakarta, Primakov reiterated that Russia will continue to honor the 1993 Tokyo declaration calling for a prompt resolution of the bilateral territorial row, a Japanese official said.

Ikeda replied with a proposal for holding a regular bilateral meeting of foreign ministers this fall to reactivate negotiations to settle the spat over four Russian-occupied islands and conclude a bilateral peace treaty, the official said.

The Japanese Foreign Minister also called for the reopening of subcabinet-level talks on the dispute in Tokyo ahead of the ministerial talks so as to shape the course for future discussion on the matter, the official said.

While welcoming recent developments in their bilateral ties, Primakov expressed Russia's hope for maintaining the momentum of improvement in its ties with Japan.

He agreed to hold ministerial and subcabinet-level talks on the territorial dispute and revealed his readiness to visit Japan possibly in November to meet Ikeda.

The Tokyo declaration, issued when Russian President Boris Yeltsin visited Japan in October 1993 for a summit with then Prime Minister Morihiro Hosokawa, calls for an early resolution of the row over the four islands — Etorofu, Kunashiri, Shikotan Islands and the Habomai group of islets.

Japan has long demanded the return of the islands, which the former Soviet union seized at the end of World War II, and the conclusion of a bilateral peace treaty.

The Ikeda-Primakov meeting in Jakarta marked the first governmental contact between Japan and Russia since Yeltsin was reelected president earlier this month for a second term.

Turning to economic issues, Ikeda expressed hope to hold a session of three subcommittees later this year of a Japan-Russia governmental panel aimed at boosting bilateral trade and economic relations, the official said.

To promote security and defense relations, the Japanese Foreign Minister also sought new Russian Defense Minister Igor Rodionov's visit to Japan as soon as possible, the official said.

As a specific step toward laying the groundwork for such a visit, which would come in response to Japanese Defense Agency Chief Hideo Usui's trip to Russia in April, Ikeda proposed that a meeting of defense officials from the two countries be held in Tokyo sometime this fall.

Primakov accepted the proposals and renewed a call on Japanese Prime Minister Ryutaro Hashimoto to pay an official visit to Russia at the earliest possible time.

The two foreign ministers also agreed that Japan and Russia will continue negotiations on the operations of Japanese fishing vessels in waters around the four disputed islands, according to the official.

Japan: MITI To Resume Auto Policy Talks With Brazil 22 Jul

OW1907143796 Tokyo KYODO in English
1126 GMT 19 Jul 96

[FBIS Transcribed Text] Tokyo, July 19 KYODO — Japan and Brazil will resume talks in Geneva on Monday on the latter's contentious auto imports policy linking tariff incentives with investment promotion, Japanese Trade Ministry officials said Friday.

The talks had broken up in mid-June, prompting the Ministry of International Trade and Industry (MITI) to prepare filing a complaint with the World Trade Organization (WTO).

The Geneva meeting was set after Brazilian made a compromise proposal, the MITI officials said.

Last December, Brazil announced that tariffs on finished vehicle imports would be lowered to 35 percent from the regular 70 percent if certain conditions are met.

Foreign automakers are eligible for the cut if their Brazilian operations achieve a local content ratio of 60 percent or more and a balance in their exports and imports of finished vehicles and parts.

Industry sources say the system is working in favor of U.S. and European car makers with local production bases, and causing Japanese auto exports to Brazil to tumble.

Brazil, however, recently offered unconditional 35 percent tariffs on some finished vehicle imports, MITI sources said. Japan wants to clarify the number of vehicles eligible for the low tariff and other details of the proposal at the Geneva talks.

While MITI says it still finds the policy incompatible with WTO rules, "a final decision on filing a complaint (with the Geneva-based global trade watchdog) depends on the results of the talks," a senior MITI official said.

Makoto Fujioka, counselor at MITI's secretariat, will head the Japanese delegation at the talks with Brazilian Foreign Ministry officials. The two sides are scheduled to meet again Wednesday, the officials said.

Japan: MITI Proposes Framework on Insurance Cooperation to APEC

OW2107121296 Tokyo *NIHON KEIZAI SHIMBUN* in Japanese 20 Jul 96 Morning Edition p 4

[By reporter Hiroaki Sato]

[FBIS Translated Text] Manila, 19 Jul — The Ministry of International Trade and Industry (MITI) plans to urge the formation of a framework for cooperation among trade and investment insurance agencies of the Asia-Pacific Economic Cooperation (APEC) forum member countries to help promote the introduction of private-sector funds for improving the social infrastructures of developing countries. MITI Minister Shunpei Tsukahara, who is currently visiting Manila, proposed the idea to Filipino President Fidel Ramos at their meeting on 19 July.

Tsukahara's proposal envisages industrialized countries' taking over investment insurance services which developing countries approve for their domestic businesses and projects.

Japan: Foreign Minister Urges India To Sign CTBT Pact

OW2207065396 Tokyo *KYODO* in English 0552 GMT 22 Jul 96

[By Takehiko Kajita]

[FBIS Transcribed Text] Jakarta, July 22 *KYODO* - Japanese Foreign Minister Yukihiko Ikeda urged India on Monday to agree to sign a proposed global treaty banning all nuclear tests and explosions, a Japanese official said.

Indian External Affairs Minister I. K. Gujral however rejected the Japanese request.

Ikeda made the call on the signing of the Comprehensive Test Ban Treaty (CTBT) in an hourlong meeting here with Gujral, a Japanese official said.

"We hope India will reconsider its stance and agree to sign the treaty as its member," he was quoted as telling Gujral.

India has refused to sign the final CTBT draft to be presented for the signing in September, insisting that it be linked to nuclear disarmament and demanding a more specific time frame.

Gujral noted India cannot accept the final draft because it obliges India to sign the treaty for its inclusion into a proposed antinuclear regime, the official said.

He added that India, which is suspected of possessing nuclear arms, has not pushed for any nuclear weapons program since it obtained nuclear development Capability in 1974, the official said.

Ikeda sought India's understanding on the final draft by saying it is necessary to keep the version intact so as to sign the CTBT in September, according to the official.

Ikeda and Gujral also exchanged views on an election this fall for nonpermanent membership on the U.N. Security Council, for which their two countries are vying.

While hoping to avoid a clash with India on the matter, Ikeda made it clear that Japan will continue to pursue its bid even if the two countries cannot coordinate their views.

He also boasted that Japan has thus far won support from many countries for its attempt to acquire a nonpermanent seat on the powerful U.N. Council for a rotating term for 1997-1998.

The Japanese and Indian foreign ministers saw eye to eye on the need to maintain friendly bilateral relations regardless of the outcome of the election.

On other issues, Ikeda threw Tokyo's support behind New Delhi's participation as a full member in the Asia-Europe meeting, which was launched in Bangkok in March.

Ikeda and Gujral, who are in Jakarta to attend a meeting on Asia-Pacific security and an annual high-level gathering sponsored by the Association of Southeast Asian Nations, agreed to continue promoting bilateral cooperation in the region, the official said.

Gujral called on Ikeda to visit India soon. Ikeda replied he wishes to do so as quickly as possible.

Monday's meeting was the first high-level Japanese-Indian contact since H. D. Deve Gowda's coalition government was formed in June.

Japan: Ikeda Urges Burmese Government To Talk With Opposition

OW2207112496 Tokyo KYODO in English
1004 GMT 22 Jul 96

[By Takehiko Kajita]

[FBIS Transcribed Text] Jakarta, July 22 KYODO - Japanese Foreign Minister Yukihiko Ikeda pressed Myanmar's [Burma] military government Monday to promote dialogue with pro-democracy leader Aung San Suu Kyi's opposition party.

In his meeting in Jakarta with Myanmar's Foreign Minister Ohn Gyaw, Ikeda first hailed Myanmar's acquisition of observer status in the association of Southeast Asian Nations (ASEAN) and its scheduled participation in the ASEAN regional forum (ARF) on security at Tuesday's session, a Japanese official said.

He then noted that Myanmar should strive to soothe internal tensions so as to meet other countries' expectations and play a due role in ASEAN and the ARF, the official said.

Specifically, Ikeda relayed Tokyo's desire to see Myanmar's junta, formally known as the State Law and Order Restoration Council (SLORC), promote dialogue with Suu Kyi's National League for Democracy (NLD), the official said.

"We expect the Myanmar Government to show a spirit of tolerance and generosity," he said in reiterating Tokyo's call for the promotion of dialogue between SLORC and the NLD.

Ikeda also urged the Yangon [Rangoon] Government to seek the broad opinion of the people in writing a new constitution, according to the official.

Ohn Gyaw, who once met Ikeda in Tokyo in May, responded that the process of drafting guidelines for a new constitution in Myanmar is making progress, the official said.

SLORC is trying its best to solicit views from all quarters in the country but the NLD has unilaterally boycotted a session of the government-organized national convention on a fresh constitution, he was quoted as saying.

Denying there are tensions in Myanmar, he reiterated that a new constitution should only be drawn from the convention process.

Noting the Myanmar domestic situation is at a delicate stage, however, Ohn Gyaw was also quoted as saying that it was Myanmar people alone who could and would resolve the domestic problem.

Citing calls within Japan's ruling coalition for a tougher stance on Myanmar, Ikeda once again urged the junta to try to listen to its people.

The Japanese Foreign Minister also sought SLORC's efforts to improve relations with the United Nations and other international organizations. Myanmar's promotion of democracy would permit stronger ties with Japan, Ikeda was quoted as saying.

Tokyo To Suspend Yen Loans to Burma for Airport Project

OW2207110096 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 20 Jul 96 Evening Edition p 2

[Article by correspondent Hiroshi Kashiwara]

[FBIS Translated Text] 20 July, Rangoon — According to diplomatic sources, the Japanese Government has decided to suspend for the time being yen loans to the Burmese Government to finance the expansion of the international airport in Rangoon. The postponement is seen as a warning to the military junta, which has intensified its confrontation with democratic forces.

Tokyo suspended aid to Burma in 1988. But following the release of pro-democracy leader Aung San Suu Kyi from house arrest in 1995, it resumed aid. On humanitarian grounds, Japan has extended grants-in-aid to the country to promote projects that will improve people's lives, such as the construction of a nursing school and expanding food production on the border area. As for yen loans, Tokyo has studied the timing of their resumption, while closely watching the political situation in Burma.

Japan is to provide Burma with three sets of yen loans totaling about 27 billion yen to expand and modernize the old airport in Rangoon. Although yen loans have been suspended, an agreement has been reached among concerned officials on provision of funds for repairing rusty equipment at the airport. Nonetheless, "the mass arrest of democratic forces in May has discouraged the resumption of yen loans to Burma," the sources said.

The Japanese Government has rated highly the military junta's reform efforts, such as the introduction of a market economy. Yet, it has shown displeasure about Burma's delays in enacting a new constitution that will guarantee the introduction of a multiparty system and in starting talks between the junta and democratic forces. Through diplomatic channels Tokyo has also expressed concern over the mass arrest of members of the National League for Democracy (NLD) led by Suu Kyi and a newly established law prohibiting Suu Kyi's customary weekend talks in front of her house.

Without waiting for the resumption of Japan's aid, the junta has begun the renovation of some facilities at the airport. Also, it has promoted preparations for constructing a new Rangoon airport on its own, expecting an increase in flight demand. However, it is feared that the country's growing deficits may trigger inflation.

Japan: Business Mission Urges Infrastructure Buildup for Cambodia

OW2007131396 Tokyo KYODO in English
1257 GMT 20 Jul 96

[FBIS Transcribed Text] Phnom Penh, July 20 KYODO — The leader of a visiting Japanese business mission called Saturday for building up the infrastructure in Cambodia before full-scale investment in the country by Japanese companies.

Kazuo Haruna, chairman of Marubeni Corp. who is heading a mission from the Federation of Economic Organizations (Keidanren), told reporters that Cambodia has not yet prepared conditions for foreign investment.

Haruna said it will take a long time for Cambodia, ravaged by a civil war, to build up its infrastructure and Japanese companies want to study whether they can help.

Haruna also said he has urged First Prime Minister Norodom Ranariddh and other Cambodian ministers to bring up private companies, even by privatizing state-run corporations.

Naohiko Takano, adviser to Itochu Corp. and a member of the mission, said he expects Cambodia to become a "promising investment market" in the near future with a low-wage labor force available.

While calling for improvement in the infrastructure and political situation in Cambodia, Takano said Japanese companies are looking at southeast Asian nations and China with an eye toward investment.

Japan: Foreign Minister Leaves on Southeast Asia Trip

OW2107031096 Tokyo KYODO in English
0238 GMT 21 Jul 96

[FBIS Transcribed Text] Tokyo, July 21 KYODO — Foreign minister Yukihiko Ikeda left Japan on Sunday on a nine-day official trip to three Southeast Asian countries — Indonesia, Singapore and Vietnam.

In Jakarta, he is scheduled to attend a gathering on Asia-Pacific security Tuesday and a subsequent two-day meeting of foreign ministers from the Association of Southeast Asian Nations (ASEAN) and its major trading partners.

ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Ikeda will also pay a courtesy call on Indonesian President Suharto and confer with his counterparts from many countries, including the United States, South Korea, China and Russia, government officials said.

After proceeding to Singapore, he will meet Thursday and Friday with Foreign Minister S. Jayakumar, Prime Minister Goh Chok Tong and Senior Minister Lee Kuan Yew, who was prime minister for 31 years up to 1990.

Ikeda will move on to Hanoi on Saturday, becoming the first Japanese foreign minister to visit Vietnam in five years. During his two-day stay there, he is scheduled to hold talks with Vietnamese Foreign Minister Nguyen Manh Cam.

He will also meet with the Vietnamese Communist Party's top three leaders — General Secretary Do Muoi, President Le Duc Anh and Prime Minister Vo Van Kiet.

He will return to Japan on July 29.

Japan: EPA Chief on GDP Growth Without Deregulation, Politics

OW2207090996 Tokyo KYODO in English
0831 GMT 22 Jul 96

[FBIS Transcribed Text] Tokyo, July 22 KYODO — The chief of the Economic Planning Agency (EPA) warned Monday that Japan's gross domestic product (GDP) growth might not reach the 1 percent line at an annual rate until the year 2000, unless Japan scraps various government curbs binding its economy.

EPA Director General Shusei Tanaka told a news conference at the Japan National Press Club, "when the government drew up a new economic plan at the end of last year, it projected the economy would be able to attain an annualized gdp growth of 3 percent by 2000, if Japan can implement structural economic reforms."

The new economic plan also said Japan's GDP growth would only amount to 1.75 percent without such reforms until that year, Tanaka said.

"But I think that unless Japan implements structural economic reforms, its GNP growth may not reach even 1 percent" over the years leading up to 2000, said the nation's top economic planner.

Implementing economic deregulation "is an urgent issue," he said.

The top planner earlier released a list of government regulations that require abolishing or softening. The list cited the need for deregulation in the fields of

telecommunications, distribution, financial industry, real estate, employment, and medical welfare.

He urged the related government ministries and agencies to return their appraisals of the deregulatory proposals in the six fields "by the end of September."

Tanaka, vice chief of New Party Sakigake, also hinted at the possibility of linking up with a new party which Yukio Hatoyama, a Sakigake lawmaker, proposed to establish prior to an upcoming general election by bolting the smallest party of the three ruling coalition parties.

He said Sakigake can cooperate with Hatoyama's new party if the new party adopts the policy of reducing Japan's bloated bureaucracy as its party platform.

As various political parties are now becoming increasingly vocal on a proposal to reduce the bloated bureaucracy, that stance may become a key platform based on which various parties can get together to create a new party.

Hatoyama, a scion of the wealthy Hatoyama family and a son of late Ichiro Hatoyama, a Liberal Democratic Party (LDP) politician who was a foreign minister under the late Takeo Fukuda cabinet in 1976, is now pushing the plan to create a new party of some 50 legislators.

Japan: Hashimoto Expresses Need To Implement Deregulation

OW2207081196 Tokyo MAINICHI SHIMBUN
in Japanese 21 Jul 96 Morning Edition p 2

[FBIS Translated Text] Prime Minister Ryutaro Hashimoto spoke at a pep rally for Dietmen belonging to the Liberal Democratic Party's Kyushu regional bloc in Fukuoka City on 20 July. Expressing concern over trends in the performance of medium and small enterprises and the high unemployment rate, Hashimoto said: "The government itself has to remedy the situation by implementing deregulation." In this way, the prime minister indicated that the government plans to swiftly revitalize medium-sized and small enterprises via deregulation and other measures and bring economic recovery into full swing. In addition, he revealed that the government intends to provide financial support to help foster venture companies planning to embark on new businesses.

Japan: Professor Discusses Structural Reform

OW2007060096 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 5 Jul 96 Morning Edition p 31

[Article by Hitotsubashi University Professor Iwao Nakatani: "Structural Reform Prerequisite for 'Supple-

mentary Budget"; first three paragraphs are NIHON KEIZAI SHIMBUN abstract of article]

[FBIS Translated Text] 1. While the need for administrative and fiscal reform has been stressed for a long time, in reality, only fiscal measures have been introduced without much thought. However, the effect of fiscal spending without administrative and fiscal reform is only short-lived.

2. Introducing fiscal measures without reforming administrative and fiscal structures will leave future generations an unhealthy fiscal situation to be dealt with. Therefore, "steady implementation of administrative and fiscal reform" is a prerequisite for the introduction of fiscal measures to be justified.

3. To break the present deadlock, new policy measures are needed in which fiscal measures will be introduced on condition that a numerical target is set for administrative and fiscal reform, and its realization is required by law.

A Lot of Money Wasted on Public Works Projects

Although the economy has been recovering, will this lead to a full-scale recovery, or will it be unable to continue from autumn on without additional fiscal measures? If it becomes clear that the Japanese economy has autonomous recuperative strength, and when it becomes certain that the economy will get on track toward a growth rate of approximately 3 percent, then further introduction of fiscal measures will be unnecessary, and many difficult problems that the Japanese economy has — such as the issue of bad loans, financial reconstruction, and a rising unemployment rate — will start to be solved gradually. Unfortunately, however, that possibility is not strong.

The reason is that the Japanese economy has serious structural problems. The delay in the disposal of non-performing loans has kept the economy from recovering, and a steady decrease in foreign demand has lowered the economic growth rate. (The drop in foreign demand in FY95 has reduced Japan's GDP (Gross Domestic Product) 0.7 percent). Also, delay in administrative and economic reform has deprived the Japanese economy of its dynamism.

Suppose the current economic recovery is not full-scale but just a "temporary boom," will the government have to come up with a large-scale supplementary budget this year too — like the one last fall — to keep the economic recovery on track?

An average answer of economists would be: An introduction of fiscal measures is indispensable if the economy is going to worsen without the support of public

finance. The reason they would say so is because they think an economic policy's most important goal is to realize "full employment" but not "fiscal reconstruction" itself.

However, the Japanese economy's current state is not so optimistic as to be settled by such a simple Keynesian thought. What is significant is: First, the question of how efficiently the budget for economic recovery is used; and second, the fact that the Japanese economy's structural problems cannot be resolved by introducing fiscal measures.

With regard to an efficient budget allocation, a considerable amount of budget has been wasted, as is evident from the scandalous fact that the ministry by ministry distribution ratio of budget for public works projects has remained unchanged for several decades despite rapid changes in the industrial structure. There are countless instances where roads are built all over Japan in the mountains where cars seldom pass, and fireflies are wiped out as the result of carrying out obviously unnecessary bank protection works at clear streams where they live.

In the discussion of a need for the reconstruction of public finance, it is often argued that an increase in the outstanding balance of government bonds will leave a burden on future generations. An average economist would call this argument incorrect: The view that there will be unfairness between generations in the sense that future generations will have to bear the burden of tax increase for redeeming government bonds and paying interest on them is true, but it is only looking at the "burden" side of government bonds. Meanwhile, the people hold assets in the form of government bonds. Their children will inherit them, and be able to receive interest payments and redemption. Therefore, the future generations' "burden" caused by the issuance of government bonds will be offset by the "benefits."

However, this argument ignores the viewpoint of how the money collected by issuing government bonds has been used. That is, whether the government has used the funds raised by the issuance of government bonds more efficiently and realized a better investment impact than had it been used by the private sector.

If the answer is "no," the introduction of fiscal measures cannot be justified from the aspect of capital efficiency. In reality, as pointed out above, most public works projects are considered to have become inefficient due to the considerable inflexibility of budget allocation.

Break Collusion Among Politicians, Bureaucrats, and Businesses First

From this point of view, for the fiscal spending to be justified, it is necessary to reform the present system, and enable it to flexibly change budget allocations according to the public's needs. To that end, the collusive structure of politicians, bureaucrats, and businesses that derives from a vertically divided administration has to be broken by a fundamental reform of the administration system. As far as the current structure of protecting vested interests is kept, the introduction of fiscal measures requires caution.

On the other hand, if fiscal spending will lead to an effective utilization of idle economic resources — which would be impossible if it is left to the private sector — enable the realization of full employment, and play the role of making the economy get on the road to growth, the issuance of government bonds is necessary.

But we should bear in mind that government spending is able to put the economy back on track to growth only when the economy itself does not have structural problems. Although Keynesism is effective in supplementing a shortage of total demand, it is not capable of solving supply side issues. In a case like this, the impact of fiscal spending would be short-lived unless public funds are introduced in combination with structural reform.

For example, the economy will not recover on a full scale by just introducing fiscal stimulus packages if structural problems are left untouched as a patient who needs surgery cannot be cured by simply giving him camphor injections. The nutrients play a significant role if they are injected with the aim of maintaining the patient's physical strength to perform a successful operation.

In other words, a precondition for the use of a nutrient to be effective to a patient who needs surgery is that "the surgery will be carried out." In contrast, if the operation is put off and the nutrients are just kept given to the patient, his condition will only take a bad turn.

Concern for Keynesism Becomes Real

Similarly, "steady implementation of administrative and fiscal reform" is a prerequisite for the introduction of fiscal measures for an economy that has structural problems to be justified. Nevertheless, what has been done in Japan for the last few years is to keep giving a camphor injection to a weakened patient for the time being since Japan does not have the courage to start dealing with structural problems — it has taken nothing else than measures to patch things up for the moment. As a result, the structural issues have not been solved at all, and only the fiscal deficit has accumulated.

Unfortunately, an easy-going Keynesian way of thinking — which seeks fiscal spending while shelving structural problems — prevails more strongly than one imagines. [James] Buchanan's concern about Keynesianism (under representative democracy, Keynesianism leads to an easy expansion of public finance) has become real and is taking place in the modern Japan.

As a matter of fact, more than 60 trillion yen in supplementary budget has been compiled after the collapse of the bubble economy. Although it was able to underpin the economy, it did not have the strength to realize a full-scale recovery.

The economy might stall if there is no government spending. So the fiscal spending itself is necessary, but unless administrative and fiscal reform is carried out at the same time, the structural reform of the Japanese economy will not make progress, the effect of the spending will be temporary, and just the unhealthiness of finance will stand out in the future.

With a measure that postpones solving a problem and spends money without starting on administrative and fiscal reform that causes pain, the Japanese economy would not become active even in the 21st century. Worse still, such a measure would delay the progress of necessary reforms.

Viewed in this light, the introduction of fiscal measures that is not accompanied with necessary administrative and fiscal reform — such as a drastic reduction and reorganization of the administrative system, a streamlining of special corporations, prioritized allocation of public works budget, privatization of government investment and loans program, and deregulation — will leave future generations a burden in the form of swelled public sector, waste of tax money, and inflexible public finance.

As the aging of society takes place, a demand for public finance increases rapidly. If Japanese society's structural problems are left untouched, a national finance failure is only a matter of time. Consequently, a major tax hike would be inevitable at the beginning of the 21st century.

What has to be done before the advent of the aging society is to vitalize the Japanese economy by carrying out full-scale administrative and fiscal reform and streamlining the public sector. The attitude of those politicians and public these days who demand fiscal spending while neglecting the structural issues is the very example of scholocracy, and if this continues, it is certain to become the cause of destroying the country.

To do away with the present situation, a measure in which a numerical target is set for administrative and fiscal reform and their realization is required by law

may be necessary as a condition of introducing fiscal measures. If those politicians who advocate reform make such a proposal, I think many people will applaud it.

Japan: Think Tank Director Recommends Fiscal Policies

962A0080A Tokyo SHUKAN TOYO KEIZAI
in Japanese 25 May 96 p 9

[Article by Yasushi Kozai: director of the Japan Center for Economic Research, in the magazine's weekly "Looking at the Economy" column: "Recommended Package of Fiscal Policies"]

[FBIS Translated Text] This fall there will be many issues related to fiscal policies.

1) Will the government boost the consumption tax to 5 percent beginning next April? 2) Similarly, will the special income tax cut be dropped? 3) Will a supplementary budget be drafted again this year to avoid a shortfall in public investments during the latter half of the year? 4) Will insurance for nursing care services be established and increases in medical expenses for senior citizens be curbed?

Two criteria are important in dealing with these questions: 1) decisions based on pragmatic methods with a long-term perspective and 2) a variety of policies adapted to current overall economic conditions.

My recommendations for a four-point policy package that conforms to these two criteria are: 1) a hike in the consumption tax to 5 percent, 2) cancellation of the special tax cut, but implementation of a similar-scale, permanent income tax cut, 3) a supplementary budget contingent upon this summer's economic picture, and 4) immediate reform of the social security system.

First, the combination of 1) a hike in the consumption tax rate and 2) an income tax cut is designed to simultaneously achieve the two goals of fiscal reconstruction and strengthened economic conditions over the short term. Even if these measures are designed to reduce the budget deficit, the effect of simultaneously boosting the consumption tax and dropping the income tax cut would be too severe. A "soft-landing" is the key to a successful fiscal policy turnaround.

In writing this, I may appear to be arguing to extend the special tax cut in the interests of the economy. That is not my intention. The special tax cut should be abolished since it was intended to be a temporary measure. The income tax, however, places an unfair burden on middle aged and older salaried employees, because the marginal tax rate is too steep. Dropping the special tax cut, while

implementing a genuine tax cut is reasonable. In the absence of such preparations, extending the special tax cut will be unavoidable.

We should lower the tax rate for corporate taxes, which are high by international standards, and simultaneously broaden the tax base. To revitalize the economy, which is essential for Japan at this juncture, we must reduce national burdens on firms and workers. Eliminating wasteful government spending will produce financial resources if this not done, a hike in the consumption tax is inevitable.

The regressive aspect of the consumption tax is a problem, but actual income tax burdens are also not distributed equally. There has been a decrease in the balance of payments surplus, and the Japanese tendency toward excess savings has leveled off. The long-term direction of tax system reforms are expected to take the form of an income tax reduction and a consumption tax hike.

Because land prices continue to drop, property tax reductions are also being discussed. However, no one can stop Japanese land prices, which were comparatively high before the bubble, from converging to normal levels. The tax rate itself is not high. If land prices drop, tax burdens will also lighten.

Reforms of the social security system in item 4 should be immediately implemented as necessary. The reforms are also consistent with the objectives of creating an independent system, which combines the costs and benefits of the social security system.

Finally, concerning item 3, if there is no supplementary budget this year, there will be a shortfall in public investment by the second half of the year. The uneasiness resulting from a stagnant economy during the first half of last year is fading, but it is certainly not impossible. We can reserve the decision on a small- to medium-scale revised budget until this summer. At the same time, we must thoroughly economize on government spending and promote measures which will put an end to the dual fiscal policies which tighten the initial budget and at the same time creates a supplementary budget.

Japan: 'Jusen' Loan-Recovery Body Slated To Start 26 Jul

OW2207065296 Tokyo KYODO in English
0550 GMT 22 Jul 96

[FBIS Transcribed Text] Tokyo, July 22 KYODO — An entity to recover loans owed to seven failed "jusen" housing loan companies will be established

Friday, Chief Cabinet Secretary Seiroku Kajiyama said Monday.

The entity, Housing Loan Administration Corp., is the core of the scheme drawn up by the government earlier this year to liquidate the failed mortgage companies and will take over their assets and loans, including bad loans, after their liquidation.

Kajiyama told reporters that Deposit Insurance Corp. will formally decide Monday afternoon to provide the entity with a total of 200 billion yen which is expected to be paid on the establishment day.

Deposit Insurance Corp. will also determine the ratio of contributions for the banking, securities and other financial industries to a proposed "financial system stabilization contribution fund" that will cover part of further losses after the jusen companies are liquidated.

With the establishment of the entity, other details of the liquidation scheme are expected to be completed by the end of this month.

The other details include the low interest rate to be offered for the entity to purchase jusen assets, and setting up a so-called "second fund" for paying back part of the 685 billion yen in public money to be used in the liquidation.

Once established, the loan administration entity is expected to sign contracts with the seven housing loan companies for taking over their assets and to start actual operation from Oct. 1.

Japan: FY97 Budget Said To Rise Only 3 Percent

OW1907132696 Tokyo KYODO in English
1246 GMT 19 Jul 96

[FBIS Transcribed Text] Tokyo, July 19 KYODO — Japan will likely contain core general expenditures in its fiscal 1997 budget below 45 trillion yen, up only around 3 percent from a year earlier, to cope with strained state finances, government sources said Friday.

The government and the tripartite ruling coalition agreed the same day to keep fiscal 1997 investment-related expenditures effectively unchanged from the year-earlier level and cut current costs, or those for goods purchases and other operational costs, by more than 10 percent.

The agreements are part of guidelines set by the government and the ruling parties — the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake — for budget appropriations requests for the fiscal year starting next April.

The government and the parties plan to allow for an increase of up to around 1.5 percent in investment-related expenditures, reflecting a planned rise in the consumption tax from 3 percent to 5 percent in April that will push up construction and other costs.

The tax hike will push up government costs by around 300 billion yen, nearly half of which will be in investment-related expenditures, Finance Minister Wataru Kubo said in a news conference.

Over the past three years, investment-related expenses enjoyed increases of about 5 percent to help Japan get out of the economic doldrums.

Kubo said the spending request guidelines also call for reducing current costs by more than 10 percent. In fiscal 1996, such expenditures were trimmed by 10 percent.

The guidelines were agreed upon by three cabinet ministers and three coalition leaders in charge of making policies.

The three ministers are Kubo, Chief Cabinet Secretary Seiroku Kajiyama and Economic Planning Agency chief Shusei Tanaka. They were earlier selected by Prime Minister Ryutaro Hashimoto as coordinators for setting the spending request guidelines.

After setting upper limits on requests for spending items, such as defense and Official Development Assistance (ODA) costs, the government plans to formalize the fiscal 1997 spending ceilings at a cabinet meeting July 30.

Government ministries and agencies will submit fiscal 1997 budgetary appropriations requests at the end of August, based on their ceilings set by the government, and the Finance Ministry will compile a draft budget by the end of December.

The Finance Ministry is seeking to make fiscal 1997 the first year of its fiscal rebuilding.

By one measure, Japan's fiscal condition is the worst among the group of seven industrialized countries.

Japan's outstanding balance of government bonds is estimated to reach 240 trillion yen at the end of next March, equal to nearly 50 percent of the nation's gross domestic product.

Japan: MOF Sets 3-Percent Ceiling on Budget Requests

OW2107125696 Tokyo YOMIURI SHIMBUN in Japanese 20 Jul 96 Morning Edition p 5

[FBIS Translated Text] Regarding a ceiling on budget requests for fiscal 1997, the Ministry of Finance [MOF] on 19 July firmed up a policy to set a total amount of

ordinary expenditures at 44 trillion yen by restricting increases in ordinary expenditures to 3 percent, less than the 4.2 percent for fiscal 1996. Following the 19 July decision by the government and the ruling parties on the budget ceiling, the MOF will start negotiations with government ministries and agencies over individual items that are exceptions to the ceiling. However, the MOF plans to keep the increase in defense expenditures to between 2 and 2.5 percent, less than that of the previous year (2.58 percent), and Official Development Assistance (ODA) to zero percent.

But the Defense Agency [DA] wants to seek an increase of 4 percent, saying, among other things, that expenditures for contracts signed in the past for procurement of large equipment will increase by about 100 billion yen from the previous year. It is expected that the Ministry of Foreign Affairs [MOFA] will also demand an increase of some 3.5 percent, at least. Some people are voicing their concerns that the recent tendency of a weak yen against the U.S. dollar will reduce the dollar amount of their budget. It seems that negotiations between the government and MOFA will become very tough.

The budget for excepted items, including personnel expenses, was 1.66 trillion yen, according to the budget ceiling for fiscal 1996. This is more than 90 percent of the increased amount of ordinary expenditures. Because of this, the MOF thinks that restraining budget growth for the excepted items is the key to whether or not it will be able to make its fiscal 1997 budget worthy of the "first year of its fiscal rebuilding." Accordingly, the MOF will press the ministries and agencies to make a major review of their budget requests.

On defense expenses, the MOF, in addition to discouraging purchase of front-line equipment, will call for a budget review for personnel and food expenses. As for ODA, the MOF will try to reduce it by pointing out that Japan, at a time when the growth of other developed countries' foreign aid is slowing down, is already the largest donor nation in the world.

Japan: Kubo Pledges Limits on Defense, ODA Spending

OW2107105996 Tokyo KYODO in English 1054 GMT 21 Jul 96

[FBIS Transcribed Text] Niigata, Japan, July 21 KY-ODO — Finance Minister Wataru Kubo vowed Sunday to limit as much as possible the growth of defense and overseas aid spending in the fiscal 1997 budget.

In a speech in Niigata, Kubo repeated his pledge to check spending for defense and Official Development Assistance [ODA], two areas of interest and concern to Japan's Asia-Pacific neighbors.

He emphasized the need for further efforts to implement administrative reform, saying the proposed consumption tax hike to 5 percent from the current 3 percent starting in April next year has been preceded by tax cuts.

The government of Prime Minister Ryutaro Hashimoto will likely keep core general expenditures in its fiscal 1997 budget below 45 trillion yen, up only around 3 percent from a year earlier, due to fiscal budget deficits, according to government sources.

Japan's outstanding balance of government bonds is estimated to reach 240 trillion yen at the end of next March, equal to nearly 50 percent of the nation's gross domestic product.

Japan: LDP Plans Aug Fact-Finding Mission on Okinawa Development

OW2007134596 Naha OKINAWA TIMES in Japanese 20 Jul 96 Morning Edition p 1

[FBIS Translated Text] Komu Nonaka, director general of the Liberal Democratic Party (LDP) and other members of the LDP's "special investigation council for the promotion of development projects in Okinawa and other matters" met with senior executives of the LDP Okinawa Prefectural Federation and representatives of economic circles in Okinawa at a hotel in Naha on 19 July and exchanged opinions on promotion measures. In an OKINAWA TIMES interview held at the Naha Airport on the afternoon of the same day immediately before his departure for Tokyo, Nonaka clarified that a fact-finding mission led by LDP Secretary General Koichi Kato will visit Okinawa in August to officially receive the prefectural government's requests for promotion measures.

Commenting on budgetary measures for economic promotion measures in Okinawa, Nonaka clearly stated an intention to take budgetary measures, saying: "Long-term measures are needed for such issues as utilization of land at the [Marine Corps Air Station] Futenma. In our rough budget demand, we will make a special request for the land utilization. At the same time, we will do our best in introducing measures, including introduction of the supplementary budget for fiscal 1996." On various measures, he said: "We would like move toward the direction in line with the cabinet approval." In this way, he explained that the central government will support Okinawa's economic promotion measures.

It seems that the LDP will make a policy decision on how to deal with the Okinawan issue after the secretary general officially receives, as he comes to Okinawa in August, from Governor Ota a request for realization of the concept for construction of an international city.

Japan: LDP's Nakasone To Run for Proportional Representation Seat

OW1807014196 Tokyo KYODO in English 0052 GMT 18 Jul 96

[FBIS Transcribed Text] Tokyo, July 18 KYODO — Former Prime Minister Yasuhiro Nakasone will run in next House of Representatives general election from the proportional representation seat, the Liberal Democratic Party (LDP), said Thursday after adjusting its candidates and constituencies.

The next election, to be mandated before July next year, will be held under the new system of 300 single-seat constituencies and 200 proportional representation seats.

Nakasone, 78, who has run from Gunma No. 3 electoral district in the past, will be placed on the party's top list of the northeastern block in a last-minute decision by Prime Minister Ryutaro Hashimoto after long negotiations that lasted until early Thursday morning.

Yasuo Fukuda, a son of late Prime Minister Takeo Fukuda, and Keizo Obuchi, a former LDP secretary general, will run in No. 4 and No. 5 district, respectively, LDP said.

North Korea

DPRK: KEDO Delegation Arrives To Discuss Protocols

SK2007082696 Pyongyang KCNA in English 0817 GMT 20 Jul 96

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — A working-level delegation of the Korean Peninsula Energy Development Organization (KEDO) arrived here today to discuss a protocol.

DPRK: Foreigners 'Demand' U.S. Respond to Peace Proposal

SK2107062896 Pyongyang Korean Central Broadcasting Network in Korean 0754 GMT 21 Jul 96

[Unattributed talk: "The United States Should Respond to Negotiations on Establishing a Peace Mechanism"]

[FBIS Translated Text] Our Republic Government's proposal to establish a new peace mechanism is gaining more absolute support from the people of the world as the days pass. The world's progressive figures strongly demand in unison that the United States respond to the proposal as soon as possible.

(Madhav Kumar Nepal), general secretary of the Nepalese Communist Party-United Marxist-Leninist,

stated: The risk of war on the Korean peninsula comes from the South, not the North. As we were touring Panmunjom, the South side committed hostile acts and confrontation commotions that agitated the other side. This was quite contrary to the struggle of the DPRK people and soldiers, who desired reunification and were peacefully building the country. I came to understand who truly desires peace and reunification.

The DPRK has exerted every effort to achieve reunification since the country was divided. We convey our solidarity to the DPRK people, who make every effort to resolve the issue of reunification through the principle of national independence. The United States should positively respond to the proposal to establish a new peace mechanism, and thereby contribute to peace and security of Korea and the world.

(Ruben Vera), chairman of the Uruguayan 26 March Movement, stated: The United States clamors about the nonexistent threat of someone, and has stationed tens of thousands of troops in South Korea, and unhesitatingly committed various military exercises and adventurous nuclear war exercises. No matter how the United States maneuvers, it cannot break the will of the heroic DPRK people. The DPRK people are upholding Comrade Kim Chong-il, the iron-willed sagacious general and supreme commander of the Korean People's Army. They are strong enough to resolutely smash any aggression. We will always be on the side of the peace-loving DPRK people.

(Konaya Koichiro), chairman of the Hokkaido Provincial Residents Council of Japan-DPRK Solidarity, stated: There are over 40,000 U.S. troops and numerous nuclear weapons in South Korea. This is an insult to people all over the world, who wish for Korean reunification and peace. The scale of the joint military exercises of the United States and South Korea is expanding day by day in an actual war mood. This is a misdeed of the United States, which is a direct party to the Korean Armistice Agreement. As the Korean people desire, the reunification of Korea should be achieved based on the three principles of independence, peaceful reunification, and great national unity and the method of reunification under a confederal state. The United States should respond to negotiations on establishing a new peace mechanism proposed by the Republic as soon as possible. The United Nations should also take responsibility for realizing the negotiations.

The Pakistani daily (WERI) wrote: The United States has systematically paralyzed the Korean Armistice Agreement and the armistice supervisory agencies. As a result, the Korean peninsula lacks a system for maintaining peace and guaranteeing security. In order

to guarantee eternal peace on the Korean peninsula, the Armistice Agreement should be replaced with a peace agreement, and a new peace mechanism should be established. This is a very important issue for the security and peace of the Korean peninsula, Asia, and the world. This issue should be resolved by the DPRK and the United States, the actual parties concerned to the Armistice Agreement. This being the situation, the DPRK and the United States should negotiate to discuss signing a tentative agreement and establishing a DPRK-U.S. joint military organization. The UN Command in South Korea should be disbanded and the U.S. Forces in South Korea should be withdrawn. When such actual measures are taken, the independent and peaceful reunification of Korea will be achieved and eternal peace will be guaranteed in Korea.

(Nuran Nabi), general secretary of the Bangladesh-DPRK Friendship Association, stated: Fair international opinion supports and sympathizes with the DPRK people's efforts to guarantee peace on the Korean peninsula. The U.S. and South Korean authorities conduct large-scale war exercises every year, instigating war fever. At this point, to decide the future situation, the United States, which is an actual party to the Armistice Agreement, should look at the situation squarely and act with discretion. The outbreak of war on the Korean peninsula would endanger peace in Asia and the World. The United States should respond to negotiations on establishing a new peace mechanism as soon as possible.

DPRK: Daily Warns U.S. 'Hawks' Against 'Military Domination'

*SK2107103096 Pyongyang KCNA in English
1025 GMT 21 Jul 96*

[*"Foolish Attempt of American Hawks" — KCNA headline*]

[*FBIS Transcribed Text*] Pyongyang, July 21 (KCNA) — American conservative hardliners are urging an increase of dls [dollars] 60- 80 billion, dls 140 billion at maximum, in the military budget, claiming that the United States should be "a military superpower in the world", not be "a regional military power."

In this regard NODONG SINMUN today says their move is aimed at escalating the policy of aggression and war and expanding the sphere of military domination on a worldwide scale.

The conservatives attach primary importance to the Korea strategy in expanding the sphere of military domination, the daily says, and continues:

They intend to execute the strategy by dint of strength and by the help of the Japanese militarists in subordinate

military alliance with the U.S. and of the South Korean puppets, the war servants of the U.S.

For this purpose, they are crying for further intensifying "defense cooperation" among the U.S., Japan and South Korea and their joint military manoeuvres under the pretext of "coping with emergency" in the Korean peninsula.

The increased "defense cooperation" is designed to establish a way of a joint military action and a supporting system for aggression of Korea, while the intensified joint military exercises are aimed at completing a joint operation for another Korean war.

In this way, the U.S. hawks hope to maintain and consolidate the U.S. upperhand in strength in Asia and carry out the Korean war without so much trouble.

Their ill-boding move gets on the DPRK's nerves seriously and compels it to take a self-defensive counter-measure.

We, too, have strength, an option and the freedom of action. Defending us is our inviolable right. We never want confrontation and war but will stand opposed to power undauntedly. Nobody will be allowed to provoke us. It is our invariable position and principle to answer strength with strength and a good faith with bona fide.

The policy of strength does not work in relations with us.

The American hawks had better give up the foolish attempt to gratify their dominationist ambition by means of strength.

DPRK: Aerial Exercises in ROK by U.S. 'Warmaniacs' Noted

SK2007023796 *Pyongyang KCNA in English*
0230 GMT 20 Jul 96

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — The U.S. imperialist warmaniacs recently staged long-distance aerial mobile strike exercises in South Korea against the DPRK, military sources said.

On July 18, overseas-based fighter bombers and assault planes staged exercises of making surprise strike at appointed targets and getting back to their bases in the sky above Sangdong.

Earlier, on July 16, formations of overseas-based fighter bombers and assault planes and more than one hundred fighters of the U.S. Seventh Air Force staged exercises of striking ground objects in coordination with an E-3 early warning plane in the skies above Sangdong, Suwon and Chunchon of South Korea.

In another development, an RC-135 strategic reconnaissance plane made shuttle flights for a long time in the skies above Tokjok Islet, Yangpyong and Yangyang for espionage on the overall areas of the northern half of Korea.

Involved in the espionage on the coastline and frontline areas of the northern half of Korea on July 17 and 18 were a U-2 high-altitude strategic spy plane and RV-1 and RC-12 combat spy planes.

With the U.S. imperialist aggression forces present in South Korea it is impossible to prevent the danger of war and guarantee a lasting peace and security on the Korean peninsula.

DPRK Daily Denounces ROK Complaints on Missile Talks

SK2207111196 *Pyongyang KCNA in English*
0459 GMT 22 Jul 96

["Foolish Act" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — The South Korean puppets are raising a hue and cry over a missile problem in a bid to incite confrontation between the DPRK and the U.S., lay obstacles in the way of the missile negotiations and obstruct the efforts to improve the DPRK-U.S. relations as a whole, says NODONG SINMUN in a signed commentary today.

At the time of the Berlin negotiations in April last the DPRK and the U.S. decided to continue the negotiations in the future too, the analyst recalls, and goes on:

The missile negotiations are not a matter into which the South Korean puppets may poke their nose.

The South Korean puppets are clamoring about unbearable concessions at the missile negotiations in a bid to goad the U.S. conservative hardliners into putting the brake on the wheel of the efforts for improved DPRK-U.S. relations.

Whenever they were in the grip of crisis, the puppets asked their master to help them.

Their crying over the missile problem is nothing but their call for help.

If a dog barks too much it may be beaten by its angry master. No matter how zealously they make a fuss about the missile problem they will get nothing from it. They should be aware of their lot as well as the realities and stop their foolish act.

DPRK: 'Never-Ceasing Military Maneuvres' of ROK Viewed

SK2107103696 *Pyongyang KCNA in English*
1031 GMT 21 Jul 96

["Never-Ceasing Military Manoeuvres" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, July 21 (KCNA)* — The South Korean puppets continue staging provocative military manoeuvres against the northern half of Korea on the ground and sea and in the sky, military sources said.

On July 18 and 19, they called out more than 830 fighter bombers, assault planes and observation planes for exercises of surprise bombing, air battle for air control and intensive strike against the northern half of Korea in the sky above the west coastline area.

On July 19 some ten puppet helicopter gunships and formations of transport helicopters staged a missile strike exercise and a "commandoes" airlifting operation exercise in support of ground units in the sky above the Paju area. Involved in the maritime landing operation exercises in the East Sea [Sea of Japan] on July 18 were destroyers, antisubmarine patrol planes and fighter planes of the puppet army.

On July 19, the puppets sent scores of tanks to the Paju area and let them fire some 30 shells towards the Military Demarcation Line (MDL). On July 18 and 19, 105 mm and 155 mm artillery groups of the puppet army deployed in Chorwon and Yonchon Counties got on the nerves of the North, intensively firing more than two hundred shells.

On July 18 the puppet army soldiers took positions on a mountain adjacent to the MDL in the forefront area and fired more than 1,200 bullets with large-calibre machine guns and automatic rifles.

In another development, on July 19, the bellicose Kim Yong-sam group staged exercises of installing and withdrawing radar equipment in the sky and on the ground. Involved in the manoeuvres were the radar equipment of the latest type and the specialists of the units Nos. 8531 and 8932 belonging to the observation group No. 30 of the puppet air force.

The military manoeuvres they have staged almost every day on the plea of coping with someone's "provocation" and "the event of contingency" clearly show that the Kim Yong-sam group is a herd of warmaniacs.

DPRK: ROK 'Arms Buildup', 'War Exercises' Denounced

SK2107021596 *Pyongyang Korean Central Broadcasting Network in Korean*
1224 GMT 20 Jul 96

[Kim Ho-sam commentary: "Can Dialogue and Arms Buildup Be Consistent With Each Other?"]

[FBIS Translated Text] According to a foreign news report, the U.S. Arms Control and Disarmament Agency announced some time ago in an annual report for 1995 that South Korea ranks at the top in the Asia-Pacific region in terms of expenditures on weapons imports.

The money used by the puppets for weapons imports in 1994 was as much as \$1 billion. According to another report, as of September last year the puppets had imported \$986 million worth of weapons.

Today the South Korean puppets are scheming to purchase approximately \$200 million worth of new-type weapons from the United States, including ground-to-air missiles and anti-submarine missiles, with a view to accelerating preparations for a northward war of aggression.

While revealing this fact a few days ago, the U.S. Defense Department announced that included among these new-type of weapons are 45 (Sea Fellow) guided missiles, to be installed on three new destroyers now under construction, and 46 (Harpoon) missiles, to be launched from warships and submarines.

As this shows, the Kim Yong-sam bellicose group is not only accelerating its own production of war materials, but is also further modernizing the puppet armed forces to make them elite troops by introducing on a large-scale ultramodern weapons and operational equipment in collusion with the U.S. military.

Needless to say, such arms buildup maneuvers by the puppets and war exercises they staged one after another are aimed at provoking a new war.

Nevertheless, the Kim Yong-sam group is continuing to present gibberish about North-South dialogue and the four-way talks, even while being hell-bent on preparations for a northward war of aggression.

This is shown by the fact that during so-called the Cheju talks with Japanese Prime Minister Hashimoto in June, the traitor Kim Yong-sam solicited help for realizing the four-way talks and a North-South dialogue. In addition, during talks with delegates from the Japanese ruling party on 15 July, the puppet Foreign Minister Kong No-myong asked for their active cooperation in realizing the four-way talks.

Such acts by the puppets are a shameless act, like offering a handshake with one hand while wielding a bayonet to harm the opponent with the other hand.

As everyone knows, the North and the South on the Korean peninsula sharply confront each other, with the Military Demarcation Line in between. For them to hold a dialogue, a peaceful atmosphere should first be provided so that the talks can be held.

Even if we hold a dialogue amid the report of guns resounding from the ground, the sea, and the air, we can never reach any agreement on the nation's peace or peaceful reunification, nor can we attain any success. This is clear to everyone.

They want to discuss mutual reconciliation and reunification by sitting face to face while creating a danger of invasion toward their dialogue partner and by continually bringing in operational equipment and ultramodern weapons, which are intended to attack their dialogue partner. Indeed, how disgusting their act is!

Today the greatest obstacle to trustworthy North-South dialogue is the arms buildup maneuvers and new war exercises by the bellicose Kim Yong-sam group.

Even recently, the South Korean puppets staged a large-scale joint landing exercise in areas along the East Coast together with U.S. marine expedition troops. Prior to this, they carried out a war exercise intended to enhance what they called actual-war combat control and command capabilities by mobilizing puppet army units.

Furthermore, they staged a so-called anti-submarine exercise by mobilizing destroyers of the puppet Navy and anti-submarine patrol planes and fighters, together with U.S. naval warships.

The puppets are talking about dialogue while staging such war exercises nearly every day themselves or along with U.S. armed forces. Their act is indeed preposterous.

It is an act that can be carried out only by those who pursue confrontation and war, not dialogue, those who frantically run amok with preparations for a northward war of aggression behind the stage where they loudly talk about dialogue.

If the Kim Yong-sam group is truly interested in dialogue with us, it should first renounce the arms buildup and war exercise maneuvers against North Korea.

It is no accident that many nations in Asia are worried about the puppets' reckless acts, noting they are a factor aggravating tension in East Asia and denouncing the Kim Yong-sam group's arms buildup.

Dialogue and arms buildup absolutely cannot be consistent with each other. The act of accelerating war preparations to attack the other side under the sign of dialogue is an anti-national act that goes against the cause of national reunification. It is a shameless, rash act of ridiculing public opinion.

Our position toward North-South dialogue is clear and consistent. We treasure dialogue [taehwarul kwijunghi yogida]. We call for substantive and fruitful dialogue truly aimed at the nation's peace and reunification. For this, one should renounce the arms buildup and war exercises, which run counter to the spirit of such a dialogue, and abolish the National Security Law, an evil law denying dialogue.

The Kim Yong-sam group should discard its preposterous gibberish about dialogue and renounce its racket of asking outside forces to help achieve dialogue. The Kim Yong-sam group should realize that its acts will only further expose its own anachronistic color to the entire world.

DPRK: ROK 'Provocative Arms Buildup' Against DPRK Noted

*SK2007081396 Pyongyang KCNA in English
0806 GMT 20 Jul 96*

["True Colors of Warmaniacs Fully Revealed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — The U.S. Arms Control and Disarmament Agency reportedly announced in an annual report for 1995 some time ago that South Korea allocated a huge amount of money for the purchase of arms, ranking top in the Asia-Pacific region.

MINJU CHOSON today, commenting on this, says that this shows that the Kim Yong-sam group has been hell-bent on provocative arms buildup against the northern half of Korea in league with outside forces wantonly violating the Korean Armistice Agreement and it is an unpardonable criminal act of aggravating the situation on the Korean peninsula and bringing the holocaust of new war to all the fellow countrymen at any cost.

The analyst further says:

The puppets are trying to cover up their true colors as warmaniacs with the clamouring about "dialogue" and find a way out in inter-Korean confrontation and arms buildup for war against the northern half of Korea. Their act is a last-ditch effort of those doomed to ruin.

Their reckless arms buildup and war preparations go only to bring more serious ruling crisis to them and precipitate their destruction.

The Kim Yong-sam group should stop stepping up provocative arms buildup and preparations of war against the northern half of Korea.

If they continue reckless arms buildup to provoke a war against the northern half of Korea, our people will mete out a decisive punishment to the warmaniacs and traitors.

DPRK: Pending Arrests of ROK Students Denounced

SK2007025796 *Pyongyang KCNA in English*
0220 GMT 20 Jul 96

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — The Kim Yong-sam fascist clique of South Korea are going to arrest Pak Pyong-on, chairman of the Seoul District Federation of University Student Councils, and Yu Pyong-mun, chairman of the Commission for the Peaceful Reunification of the Country of the South Korean Federation of University Student Councils (Hanchongnyon), a Seoul-based radio reported.

The students are suspected to exchange messages with the North headquarters of the National Alliance of Youth and Students for the Country's Reunification in connection with the inauguration of the fourth-term "Hanchongnyon" in May. The fascist clique issued arrest warrants for them on July 17, charging them with the violation of the "National Security Law."

This outrage has fully revealed their true colors as separatists who trample down the desire of the students in the North and the South for reunification, prohibit their contact and harshly suppress the South Korean students for their activities for reunification.

DPRK: Kim Yong-sam Criticized for Arresting Student Leaders

SK2007081696 *Pyongyang KCNA in English*
0811 GMT 20 Jul 96

["Fascist Tyrant Hit for His Brutal Suppression" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — The Kim Yong-sam group of South Korea recently issued arrest warrants for the chairman of the Seoul District Federation of University Student Councils and the chairman of the Commission for the Peaceful Reunification of the Country of the South Korean Federation of University Student Councils (Hanchongnyon) by invoking the notorious "National Security Law" [NSL].

NODONG SINMUN today, commenting on this, says that the group is trying to arrest them on the charges of violating the "NSL" for the mere reason that at the time of the inauguration of the fourth-term "Hanchongnyon"

in May they received through fax a congratulatory message from the North headquarters of the National Alliance of Youth and Students for the Country's Reunification.

The analyst further says:

This can be seen only in such a fascist society as South Korea where elementary human rights and freedom are violated and strangled and it is one more fascist suppression by the vicious anti-reunification elements who are clean indifferent to national unity and reunification.

It is clear to all that those who exchanged messages with the fellow countrymen for national reconciliation, unity and the reunification of the country cannot be criminalized.

The Kim Yong-sam group's suppression of those students is an unpardonable anti-reunification criminal act of throwing a wet blanket over the aspirations and desire of the nation for reunification.

The group has left no stone unturned to invent a pretext for putting down and strangling "Hanchongnyon" and students taking the lead in the patriotic struggle for reunification.

With fascist suppression the puppets cannot block the just advance of the South Korean students and people nor bridge over their crisis.

The South Korean students and people will fight on to overthrow the Kim Yong-sam group, a herd of vicious anti-reunification separatists, and reunify the country.

DPRK: Suffrage Campaign by Pro-ROK Nationals in Japan Noted

SK2007113396 *Pyongyang Korean Central Broadcasting Network in Korean*
0854 GMT 20 Jul 96

[Unattributed talk: "Mean Scheme To Pull Down the Ranks of the General Association of Korean Residents in Japan"]

[FBIS Translated Text] The General Association of Korean Residents in Japan [Chongnyon] is now vigorously waging a movement to frustrate the so-called suffrage campaign waged by evil elements of the South Korean Residents Association in Japan [Mindan], which was instigated by the South Korean puppets.

The suffrage campaign, which has been denounced by a wide range of Korean residents in Japan, is an anti-national movement launched by the evil elements of Mindan at the instigation of the Kim Yong-sam ring. It is aimed at driving the third and fourth generations of Korean residents in Japan, who lack nationalism, to

assimilation and naturalization, as well as at getting rid of Korean nationals in Japan by implanting them with the idea that they are Japanese nationals.

The advocates of the suffrage commotion are misleading the public as if they represent the interests of foreigners living in Japan, including Korean nationals, and are begging Japan's local parliaments and the Diet to legalize the suffrage by adopting so-called resolutions. They rave that if Korean nationals obtain the suffrage, their happiness will be ensured because their opinions will be reflected in Japanese politics and all their problems will be settled without a hitch. However, the evil elements of Mindan, who are instigated by the Kim Yong-sam puppet clique, cannot hide the deceitful nature of the suffrage commotion and their black-hearted intentions.

The suffrage campaign is nothing but the revival of the plea of rights waged 70 years ago during the Japanese imperialists' colonial rule. During the days under the Japanese imperialists' colonial rule 70 years ago, the cats' paw of the Japanese imperialists advocated that suffrage was the only method to awaken the Korean people to the fact they are Japanese nationals.

What the pro-Japan elements said 70 years ago, and what the evil elements of Mindan who wage the suffrage movement are saying today, are surprisingly similar. Korean nationals in Japan do not forget the fact that, with the suffrage they obtained in colonial days, nothing changed for the Koreans as colonial slaves; on the contrary, their situation worsened. It is a well-known fact that its greatest scapegoats were Korean youths and comfort women who were dragged into and victimized at combat sites.

Adhering to nationalism and loving the nation are the lessons the first generation of Korean nationals in Japan obtained through their experience and iron will. Saying that Korean nationals in Japan are residents of Japan who are no different from Japanese, evil elements in Mindan are calling for the right to participate in Japan's local administration as the Japanese do, and are insisting that their rights should be won to become the exemplary Japanese. This reveals their ugly reactionary nature as the guides to the Japanese reactionaries' assimilation policy toward Korean nationals in Japan.

Especially, the viciousness of the suffrage maneuvers lies in the fact that evil elements in Mindan, under the instruction of the Kim Yong-sam puppet clique and the Agency for National Security Planning, are using this campaign as a political means to disintegrate Chongnyon's ranks. However, they can never block the vigorous march of Chongnyon's ranks who have adhered to nationalism, even though they had lived in

Japan for a half century, and are displaying its pride of being the example for all Koreans living overseas. The suffrage campaign launched by evil elements of Mindan will surely be checked and frustrated after receiving strong denunciations by Chongnyon organizations and other Korean nationals in Japan.

DPRK: Japanese Politicians' 'Comfort Women' Remarks Decried

SK2007082496 *Pyongyang KCNA in English*
0814 GMT 20 Jul 96

[FBIS Transcribed Text] Tokyo, July 18 [date as received] (KNS- KCNA) — A meeting was held here on July 9 to slash the insulting remarks of Japanese politicians.

A representative of the sponsors, female researcher Yuko Suzuki, surveyor of the State Diet Library Toshiyuki Yamata, and others made speeches there.

The speakers said Japanese politicians' remarks distorting history is an insult to the former "comfort women for the army". The right solution to the "comfort women" issue is necessary for Japan itself, they pointed out.

They contended it is due to the discrimination of women and Asians that the "comfort women" case, a war crime, has not yet been liquidated. The concrete ways for its solution have been put forward in a report by a special rapporteur on violence against women, which was adopted at the 52nd session of the UN Commission on Human Rights last April, they recalled.

The meeting adopted a resolution which calls for the repeal of the remarks, dissolution of "private fund", and the implementation of the report made at the 52nd session.

DPRK: Japanese Urged To 'Mind Their Own Business'

SK2007025196 *Pyongyang KCNA in English*
0233 GMT 20 Jul 96

["Japanese Authorities Urged To Mind Their Own Business" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — Of late the Japanese authorities say this or that about the "four-way talks" in a bid to "demonstrate" Japan's "international role" and create a climate for getting a permanent seat of the UN Security Council, says NODONG SINMUN in a signed commentary today.

The analyst further says:

The "four-way talks" problem is not an issue that can be settled by outside interference and pressure, but our own matter.

The Japanese authorities' interference in the settlement of the problem is a ridiculous act. Japan is not in the list of the "four-way talks".

The Japanese authorities consider that if they raise a hue and cry over the "four-way talks" problem, it will give an impression that they are working hard to preserve peace and that they are able to do so. Contrary to their thought, it will only reveal their true colors as those who interfere in others' internal affairs.

The Japanese authorities should look squarely at the realities and think with reason.

They would be well-advised not to poke their nose into the internal affairs of others, but to mind their own business to get confidence from the world as a member of the international community.

DPRK: MINJU CHOSON Urges Japan To 'Behave Prudently'

*SK2107061796 Pyongyang KCNA in English
0600 GMT 21 Jul 96*

[Japan Urged To Act With Discretion — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — At the recent summit of seven western countries in Lyons, Japan "proposed" to streamline the UN operations and assist the developing countries with the funds gained from it.

Japan is approaching the issue of nuclear non-proliferation with more "enthusiasm" than anyone else and making a fuss as if it would do something.

MINJU CHOSON today brands Japan's "proposal" and "role" in the international arena as intended to become a permanent member of the U.N. Security Council and a political power.

The news analyst says:

With a view to demonstrating its existence, Japan is even poking its nose into the "four-way talks" which has nothing to do with it.

The "four-way talks" is none of Japan's business. Japan is not included in the list of the participants. Japan does not mind its p's and q's.

This will be no help toward "improving" Japan's poor image. On the contrary, it will spoil the image still further.

Japan must behave prudently for its own sake.

If Japan truly wants to "improve" its image, it must honestly admit its past crimes and adequately apologize and compensate for them and make a new start.

And it must act with its own principle.

DPRK: Thai Palang Dharma Party Delegation Departs Pyongyang

*SK2007082396 Pyongyang KCNA in English
0815 GMT 20 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — The delegation of the Palang Dharma (Righteous Force) of Thailand led by its deputy leader Krasae Chanawongse [spelling of name as received] left here today for home after a 5-day visit to Korea.

During its stay, the delegation visited the Tower of the Chuche Idea, the monument to party founding, the Revolutionary Martyrs' Cemetery on Mt. Taesong, the Monument to Victory in the Fatherland Liberation War and the May Day Stadium and other places in Pyongyang.

They also saw a performance given by acrobats of the Korean People's Army.

DPRK: Thai Delegation Sends Gift to Kim Chong-il

*SK2007022196 Pyongyang KCNA in English
0214 GMT 20 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — The great leader Comrade Kim Chong-il received a gift from the visiting delegation of the Palang Dharma (Righteous Force) Party of Thailand.

The gift was handed to an official concerned by deputy leader of the party Krasae Chanawongse, who was heading the delegation.

DPRK: Hwang Chang-yop Greet Indonesian Party Delegation

*SK2007082596 Pyongyang KCNA in English
0816 GMT 20 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — A delegation of the Golkar Party of Indonesia led by General Chairman of its Central Committee Harmoko [spelling of name as received] arrived here today.

The delegation was met at the airport by Hwang Chang-yop, secretary of the Workers' Party of Korea Central Committee, and Zulkarnain Afri Pane, Indonesian ambassador to the DPRK.

DPRK: WPK Holds Reception for Indonesian Delegation

*SK2107063496 Pyongyang KCNA in English
0605 GMT 21 Jul 96*

[FBIS Transcribed Text] Pyongyang, July (KCNA) — The Central Committee of the Workers Party of Korea

[WPK] gave a reception for the visiting delegation of the Golkar Party of Indonesia led by general chairman of its Central Committee Harmoko [name as received] at the Mansudae Assembly Hall on July 20.

Invited to the reception was Indonesian Ambassador to Korea Zulkarnain Afri Pane.

Secretary Hwang Chang-yop of the WPK Central Committee, addressing the reception, said that in the past period Korea and Indonesia have established bonds of friendship and supported and closely cooperated with each other under the idea of independence, sovereignty and non-alignment and in the course the relations between the Workers Party of Korea and the Golkar Party of Indonesia have grown in strength with each passing day.

Friendly Indonesia has made great contributions to humankind's common cause of defending the sovereignty of a country and people and building a fair and peaceful world under any circumstances, he said, and continued:

"All this is unthinkable without the correct guidance of his excellency respected President Soeharto, the government and the Golkar Party of Indonesia."

"We highly appreciate your successes in the internal and external activities and sincerely wish your party greater success in its future work for further strengthening the party and carrying out the sixth five-year plan.

Head of the delegation Harmoko in his reply conveyed the friendly regards of President Soeharto to the WPK Central Committee and all the Korean people.

The Indonesian people highly praise the Democratic People's Republic of Korea for its important role in the non-alignment movement, he said.

He said that his party together with the WPK will continue the struggle for defending justice, sovereignty and peace as well as independence of the nations and for promoting the people's wellbeing. This will greatly help toward strengthening international cooperation among the developing countries, he said.

He vowed to work hard to upgrade the friendly relations between his party and the WPK.

DPRK: Overseas Groups Express Solidarity for Koreans' Cause

SK2007080396 *Pyongyang KCNA in English*
0754 GMT 20 Jul 96

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — Foreign political parties and organizations expressed full support and solidarity for the Korean people's just cause of reunification in the June 25-July 27 month of international solidarity with the Korean people.

The People's Democratic Party of Jordan, the Arab Defenders' Party of Jordan, the Islamic World and Arab Regional Leadership of the International Anti-Zionist Front and the Arab Committee for Solidarity With the Korean People and Support to Korea's Reunification in a joint statement on July 13, denounced the moves of the imperialists and reactionaries against the struggle of the Korean people.

Abdul Rahman Matar, chief of the information of the Permanent Secretariat of the Organization of Socialists in the Mediterranean, in a statement expressed full support to the proposal for founding Democratic Confederal Republic of Koryo and the Korean people's struggle to reunify the country in accordance with the 10-Point Program of the Great Unity of the Whole Nation.

He added that they demand the "UN Forces Command" in South Korea be dissolved and the Armistice Agreement be replaced by a peace agreement which will guarantee peace, security and stability in the Korean peninsula.

DPRK: Foreign Signature Campaigns Support Peace Proposal

SK2007030096 *Pyongyang KCNA in English*
0222 GMT 20 Jul 96

[Names as received]

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — Signature campaigns took place in different countries in support of a new peace overture of the Democratic People's Republic of Korea.

Boualem Benhamouda, secretary general of the Central Committee of the Algerian National Liberation Front, signed the paper on behalf of its members on July 7, George Habash, general secretary of the Central Committee of the Popular Front for the Liberation of Palestine, on behalf of its members on July 10 and Muhammad Fahmi Kammuri, member of the Egyptian consultative council and chairman of the General Federation of Workers in Agriculture, Irrigation and Fisheries, on behalf of its 4,100,000 members on July 9.

DPRK: Foreign Papers Publish Articles on Kim's Death Anniversary

SK2007025696 *Pyongyang KCNA in English*
0217 GMT 20 Jul 96

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — Foreign papers and magazines dedicated articles to the second death anniversary of the great leader President Kim Il-song.

The Egyptian paper AL SIYASSI dated July 7 printed a portrait of President Kim Il-song and carried an article entitled "Brilliant Life For the People."

The paper said:

The whole life of President Kim Il-song was one of the people's leader, who led the revolution and construction to victory, believing in and relying on the people.

He always regarded the desire and demand of the people as the starting point of all his thinking and activities and their wish and intention as a basis of line and policy.

In Korea ideal benefits shown by the state are thanks to warm love of His Excellency President Kim Il-song for the people.

Korea will continue pursuing the policy for the people under the wise leadership of his excellency the great leader Kim Chong-il, infinitely loyal to His Excellency President Kim Il-song.

Articles titled "Brilliant Life of the Great Leader," "The Great Man Enjoying Eternal Life in the Hearts of Humankind," "Comrade Kim Il-song Is the Sun of Humankind," etc. were carried by the Russian paper VESTI, the Singaporean paper STRAITS TIMES, the Peruvian paper LA REPUBLICA, the Zimbabwean paper PEOPLE'S VOICE, the Bangladeshi papers SANGBAD, KHABAR, DAILY GOOD MORNING and magazines ASIAN MAIL and SAMICAN July 6.

DPRK: SKNDF Committees Praise Kim Il-song on Death Anniversary

SK2007080896 *Pyongyang KCNA in English*
0759 GMT 20 Jul 96

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — South Korean people from all walks of life expressed humble reverence for the great leader President Kim Il-song on his second death anniversary, according to Seoul-based radio Voice of National Salvation quoting information of provincial committees of the National Democratic Front of South Korea [SKNDF — referred to by KCNA as NDFSK].

According to information of the South Korean Kangwon Provincial Committee of the NDFSK, a certain Choe in Sokcho told his colleagues on June 26:

"I has never forgotten President Kim Il-song even a day.

"President Kim Il-song, who devoted everything to the people all his life, was a hero who was acclaimed for the first time in five-thousand-year history of the nation and the greatest man worshiped by the world.

"I feel deeply once again what a great man our fellow countrymen have held in high esteem as the leader of the nation.

"He lives in the hearts of all the people and shines forever as the sun of humankind for his immortal exploits and feats for the fellow countrymen and humankind."

Old Kim Tong-hyon in Jinan County told his villagers that President Kim Il-song was a tender-hearted father and saviour of the nation and all of them were descendants and people under his care, according to information of the NDFSK North Cholla Provincial Committee.

We must commemorate the death anniversary of the president as the greatest memorial day of the nation, said the old man.

According to information of the NDFSK Seoul City Committee, members of the ideological circle of Hanyang University held a symposium on the subject of "President Kim Il-song's Efforts for Reunification and Our Task" as part of memorial services on his second anniversary.

Kim Su-chol said at the symposium:

"Everything is specified in President Kim Il-song's program for reunification.

"The acceleration of national reunification depends on how all of us struggle to realise his program.

"The struggle of the national democratic forces for reunification will succeed only when they take the president's program as coordinates."

DPRK: Corridor Added to Kumsusan Memorial Palace

SK2007082796 *Pyongyang KCNA in English*
0822 GMT 20 Jul 96

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — A corridor to the Kumsusan Memorial Palace, the supreme headquarters of chuche, was built before the second anniversary of the death of the great leader President Kim Il-song.

Through the corridor the visitors enter the palace where President Kim Il-song is preserved in state.

The corridor extends nearly 1,000 metres from the last stop of the tramway on Kum Song Street to the hall where a statue of the president is placed.

The great leader Comrade Kim Chong-il initiated the construction of the corridor near the plaza and guided the project on the spot on several occasions so that it could be built for the convenience of the visitors.

It is made up of an outdoor part, a clothes-keeping hall, a tangent part and an underground part.

The L-shaped outdoor part, which consists of roof and pillars, is several dozen metres wide at the entrance so that it can receive at a time hundreds of visitors who alight from streetcars.

The roof is of blue color and pillars are made of granite. The outdoor part is nearly 300 metres long.

Covering hundreds of square metres, the clothes-keeping hall can accommodate some 600 visitors at a time.

At the entrance of the tangent part there are two escalators separated by white-color high-quality stone stairs.

One hundred and several dozen windows are seen in the tangent part stretching along the canal on the left. So it reminds the visitors of a boat on water.

The wide underground part, nearly 300 metres long, is of architectural shape peculiar to the Korean nation.

Inspecting the completed corridor on July 2, Comrade Kim Chong-il expressed great satisfaction at the renewed appearance of the palace.

He highly appreciated the servicemen who built the corridor, the first of its kind in the world, in a short span of time, saying that the soldiers of the supreme commander have the revolutionary spirit of unconditionally implementing what he determines to do.

DPRK: 'Bumper Crop' Expected for Northern Plain

*SK2207140596 Pyongyang Korean Central Broadcasting Network in Korean
1200 GMT 21 Jul 96*

[FBIS Translated Text] The Paektu Samcholli Plain, which spreads extensively over the northern tip of the country, is assured of a bumper crop. In the fields in general, potato flowers are blooming about seven days earlier than in previous years and the wheat and barley ears have sprung out some 10 days earlier than in previous years.

In particular, in the cultivated fields of the Sinhung sub-farm, which had the honor of being visited by the fatherly leader, potato flowers are in bloom like a flower garden, and the roots abound with tubers.

In the cultivated wheat and barley fields on the Hongnam sub-farm where the sacred trace of the great leader is engraved, each ear of grain has an average of five to six grains more than in ordinary years. The functionaries and the agricultural working people here are efficiently

carrying on the work of manuring and cultivating crops so that the crops into which they have put so much effort may bear excellent fruit.

South Korea

ROK: KEDO-DPRK Follow-Up Negotiations Previewed

SK2007023296 Seoul MAEIL KYONGJE SINMUN in Korean 19 Jul 96 p 2

[Article by Chong Po-chol]

[FBIS Summary] The Korean Peninsula Energy Development Organization, KEDO, will hold follow-up negotiations with North Korean beginning on 20 July at the Hyangsan Hotel on Mt. Myohyang in North Korea. They will discuss taking over control of the site, and the services to be provided by North Korea, which means that the light-water reactor project has entered the stage of construction.

It is expected North Korea will raise such issues as the use of North Korean labor, management of laundry and restaurants, and charges for using the port and air routes. The manpower issue is a thorny one.

North Korea enacted the "Labor Regulations for Foreign Investment Corporations" in 1995, stipulating that the minimum wage for North Korean workers is 160 won (\$80 in the official exchange rate) per month in the Najin-Sonbong area, and 220 won (\$100) in other areas. However, North Korea is expected to ask for higher wage for the KEDO project.

If that is the case, it would be more efficient to send more skilled South Korean workers. There is a mathematical function between the wages of the North Korean workers and the number of South Korean workers to be dispatched.

Considering North Korea's negotiating tactic, it may concentrate on wages and not mention the South Korean workers at this time.

The method of payment should also be discussed, to decide whether the North Korean workers or the authorities are the recipients.

The next issue to be discussed is the provision of power, telephone service, waterworks, and building materials. Presently, it costs \$10 for a one-minute international call between Sinpo and New York, and \$20 for a fax transmission.

Negotiations on taking control of the site will decide the timing, border, the right to use the site, and free movement within the site. KEDO reportedly will urge

North Korea to define a preliminary site for early ground leveling. KEDO will ask for 5.5 million pyongs [one pyong equals 3.3 square meters] of land, including 300,000 pyongs for the two light-water reactors.

An official of the Office of Planning for the Light-Water Reactors Project said: "The negotiations will avoid political factors and concentrate on commercial issues. I expect both sides will make concrete and productive discussions."

ROK Government Approves KEPSCO As Prime KEDO Contractor

SK2007020596 Seoul YONHAP in English
0159 GMT 20 Jul 96

[FBIS Transcribed Text] Seoul, July 20 (YONHAP) — The National Unification Ministry announced over the weekend that it had approved Friday a plan of the Korea Electric Power Corp. (KEPCO) to build a nuclear power plant in North Korea as the prime contractor of the Korean Peninsula Energy Development Organization (KEDO).

Under the plan, KEPCO will build a nuclear power plant equipped with two 1,000-megawatt class light-water reactors in Sinpo, South Hamgyong Province, on a turn-key basis.

The scale of the project, including costs, will be set after negotiations with KEDO to conclude the prime contractor agreement.

With the approval, KEPCO is legally allowed to dispatch its officials and supply equipment and materials to North Korea in connection with the light-water reactor project, a ministry official said.

ROK: Kong No-myong Urges U.S. Decision on SOFA Revision

SK2007001096 Seoul YONHAP in English
0002 GMT 20 Jul 96

[FBIS Transcribed Text] Seoul, July 20 (YONHAP) — Foreign Minister Kong No-myong urged the United States Friday to make a political decision on the revision of the Status of Forces Agreement (SOFA), delivering the South Korean people's wish for early SOFA revision.

Kong conveyed the message at a meeting with Commander John Tilelli of the United States Forces in Korea (USFK) on the political and military situations surrounding the Korean peninsula, Foreign Ministry spokesman So Tae-won said.

The newly-appointed USFK commander responded by saying that the U.S. Government would do its utmost to

secure peace and stability on the Korean peninsula and improve bilateral relations.

The fifth round of SOFA talks were held last March but Washington has since failed to make counterproposals to the ones made by Seoul. Kong and U.S. Defense Secretary William Perry had agreed last November to complete such negotiations by the end of January this year.

ROK Ministry Plans To Sue Lockheed Over 'Unfair Gains'

SK1907235896 (Internet) The Joong-Ang Ilbo WWW
in English 20 Jul 96

[FBIS Transcribed Text] The Defense Ministry decided that Lockheed Co., which supplied 8 P-C3 anti-submarine patrol planes to the South Korean Navy during the eighties, took 25.75 million dollars (20.8 billion won) in unfair gains and will bring a lawsuit against the company before the Paris-based International Arbitration Committee for Trading Companies sometime next month in order to retrieve the money. Lockheed, which signed a contract with the Korean Navy in December of 1990 for the supply of 8 100-million-dollar PC3s, completed the delivery from April 1995 to January of this year.

ROK: DPRK 'Willing To Talk' With ROK on Najin-Sonbong

SK2007024696 Seoul YONHAP in English
0231 GMT 20 Jul 96

[FBIS Transcribed Text] Seoul, July 20 (YONHAP) — A high-ranking North Korean official has reportedly said that Pyongyang is willing to talk with Seoul on promoting South Korean business investment in the Najin-Sonbong Free Economy and Trade Zone and concluding accords on investment guarantees and double taxation avoidance.

"If North Korea's guarantee is needed for a stable investment by South Korean enterprises in North Korea, we may have a dialogue between authorities of the two sides limited to issues related to the Najin-Sonbong Free Economy and Trade Zone," Kim Chong-u, chairman of the Committee for Promoting External Economic Cooperation, said in an exclusive interview Thursday in Toyama, Japan, with the KYONGHYANG SINMUN.

Kim said, "it would be the right road for South Korean businesses to take for reunification to invest in their own soil rather than in foreign countries."

Such remarks indicating Pyongyang's intent on an investment accord may hint at a major policy change

on the part of North Korea, the vernacular paper here said.

The North Korean government has rejected South Korea's reasoning that official accords on investment guarantees and double taxation avoidance are required for its enterprises to engage in large-scale ventures in North Korea.

"It is not desirable for inter-Korean economic cooperation and exchange for the South to still regulate various investments in the North by limiting the scale of investment to 5 million U.S. dollars or less," Kim added.

"It is absurd that South Korean authorities are blocking investment (in North Korea) despite the fact that the principles of capitalism allow for the pursuit of profits."

ROK: Thailand Reportedly Rejects DPRK Offer of Weapons for Rice

SK2107045896 Seoul THE KOREA TIMES in English
21 Jul 96 p 2

[FBIS Transcribed Text] Bangkok (YONHAP) — Thailand has turned down a North Korean offer to barter its weaponry for rice, a government official said Friday.

A Commerce Ministry official said that the barter offer, recently made by a staff member of the North Korean Embassy here, was rejected.

There will be no additional rice transactions with Pyongyang unless it pays Thailand the money it already owes for previous rice shipments, the source added.

Under a 300,000-ton rice purchase contract concluded last February, Pyongyang imported 162,000 tons of rice by last September. But shipment of the remaining 138,000 tons has been suspended since the North defaulted on some \$15 million in payments for the 100,000 tons of rice worth \$23 million it imported from Thailand in 1993.

ROK: NSP Says Philippine Professor 'North Korean Agent'

SK2207005696 Seoul YONHAP in English
0047 GMT 22 Jul 96

[FBIS Transcribed Text] Seoul, July 22 (YONHAP) — A Danguk University professor who was arrested in early July on suspicion of conducting espionage activities for North Korea has turned out to be a North Korean agent operating in the South for more than a decade disguising himself as a Lebanese-Philippine, the Agency for National Security Planning (NSP) disclosed Sunday.

Investigators have proven the assistant professor of history at the university, identified as Mohamad Kanso,

50, earlier, to be Chong Su-il, 62, who was dispatched to the South in 1984 by the North Korean authorities as an espionage agent, according to NSP.

Chong allegedly collected and reported to North Korea a variety of information on the South through a third country on five occasions since March, including an analysis of the April general elections, NSP said.

Chong was arrested at a hotel in Sogong-tong, downtown Seoul, July 3 while attempting to fax information about the Seoul-Washington missile talks, held in Seoul June 10-11, to a North Korean agent in Beijing.

The agency is scheduled to make public results of its investigation at a press conference Monday morning.

Impersonating a Lebanese-Philippine, Chong entered the country in April 1984, and enrolled in a Danguk University history doctorate course in September the same year. He was appointed a professor at the university in 1988 before receiving his doctorate in history in December 1989. In 1990, he worked as an Arab language instructor at the Korea University of Foreign Studies.

Chong's personal history indicated that he was born in the Philippines, the son of a Filipino father and Lebanese mother, and that his family migrated to Lebanon at age seven, where he graduated from college.

ROK: PRC President Jiang Zemin Interviewed on Korean Issues

SK2207033596 Seoul CHUNGANG ILBO in Korean
22 Jul 96 pp 3-4

[Interview with PRC President Jiang Zemin by CHUNGANG ILBO President Hong Sok-hyon at Fujian Hall of the Great Hall of the People in Beijing on 17 July—compiled by Beijing-based correspondent Mun Il-hyon]

[FBIS Translated Text] [Jiang Zemin] I am very pleased to meet you, President Hong. I hear you majored in electrical engineering and economics. It is very fortunate that you majored in these fields, both of which are considered very important worldwide today. I would like to listen to your views.

[Hong Sok-hyon] I would like to first express our gratitude to you, Mr. President, for granting us an interview despite your busy schedule. I am surprised at your thoughtfulness of being so informed about my personal history.

As you have just said, I majored in electrical engineering while in college, and then studied economics in the United States. After that I worked for the International Bank for Reconstruction and Development [IBRD].

Foresight had little to do with my choice of majors, but I certainly find them useful in the present times.

Mr. President, I understand you also majored in engineering and served as minister of the electronics industry for years. I think this experience of yours must have contributed considerably to the high double-digit growth China has attained for four consecutive years.

The 24th of August is a significant day, marking the fourth anniversary of the establishment of diplomatic relations between the ROK and China. Mr. President, please tell us your views of the development of relations between the two countries so far.

[Jiang] The establishment of diplomatic relations between the two countries not only developed friendly relations, but it conforms to the fundamental interests of the peoples of the two countries and helps maintain peace and security in this region.

The leaders of the two countries have made a number of mutual visits and held talks over the last four years, frankly and seriously exchanging their views on issues of mutual interest, such as relations between the two countries and international issues. In so doing, they promoted mutual understanding and confidence and mutual relations. Exchanges and cooperation in various fields between the two countries are expanding rapidly, attaining marked success. Trade between the two countries last year totalled \$17 billion, a considerable amount.

We heartily wish for the stability of the situation on the Korean peninsula and hope that the relations between the two countries will develop further. We hope that both China and the ROK will make joint and continuous efforts so that the friendly relations between the two countries will continue in the 21st century as well.

[Hong] President Jiang, you have stressed many times the need to establish a mechanism for guaranteeing a permanent peace on the Korean peninsula. China is also a signatory to the Korean Armistice Agreement. In view of this position of China's, how do you assess the four-way peace talks proposed jointly by the ROK and the United States?

[Jiang] Half a century has passed since the Armistice Agreement on the Korean peninsula was signed. During this period the world situation has greatly changed.

Replacing the Armistice Agreement by establishing a mechanism for guaranteeing peace is not only conducive to guaranteeing a permanent peace on the Korean peninsula, but also is in accord with the basic interests of the people of both the North and the South of the peninsula.

China agrees to and supports this. We hope that countries concerned will reach an agreement on some issues related to the Korean peninsula and thus establish a peace-guarantee mechanism on the peninsula. Also, China hopes that the Korean peninsula will maintain peace and stability, and we hope we can play a constructive role in this.

[Hong] President Jiang, you have said on many occasions that you want a peaceful reunification of the Korean peninsula, and the ROK, too, thinks that a peaceful reunification of the Korean peninsula is difficult without China's participation. What role can China play in a peaceful reunification of the Korean peninsula? What form of reunification of the Korean peninsula do you think is most desirable? When and how do you think the reunification of the Korean peninsula can be achieved?

[Jiang] We fully understand the fervent desire of the people of both the North and the South of the Korean peninsula for national reunification. We hope both sides will gradually build trust and improve relations through dialogue and negotiations and eventually achieve the country's reunification by peaceful means.

China supports the active efforts that both North and South Korea are making to achieve reconciliation and the independent and peaceful reunification of the Korean peninsula.

[Hong] President Jiang, last year your visit to the ROK was very successful, and the Korean people were very happy about it.

[Jiang] During my visit to the ROK last November, I had beneficial talks with President Kim Yong-sam. Just like the old proverb, "There is nothing like seeing oneself," I visited Samsung Electronics, Hyundai Automobile, and a shipyard. I had forgotten the name of the shipbuilding yard and so I asked, "What was the name of the shipyard? Oh, that's right, it was Hyundai Shipyard." I received a very good impression of these places.

In particular, I was very surprised to learn that the aperture between the semiconductor circuits produced by Samsung Semiconductor was only 0.25 microns. When I served as electronics industry minister in 1983, I met Professor Miller [name as transliterated] of the United States, and when I asked him what the aperture between semiconductors circuits was, he said it was 0.5 microns. In 1994, when I served on the party Central Committee, I asked an official in charge of Intel what the aperture between semiconductors circuits was, and he said it was 0.25 microns. When I participated in events celebrating the 50th anniversary of the end of World War II at the United Nations in May of last year,

the IBM chairman said: "I cannot definitely say what the trend of development for semiconductors is."

The philosopher Chuangtze, whom I like, said 2,000 years ago: "If an object is divided into 10,000 parts, and then divided again into 10,000 parts, there is no end."

During my high school days, my math teacher quoted Chuangtze's words while teaching differential and integral calculus. During that time, I learned the concept of "limit."

I served as electronics industry minister for a long period. Regrettably, I tried to develop our country's electronics industry, but it was not fulfilled according to my intention. Semiconductor technology has not yet developed, and thus China's electronics industry has not yet developed either.

[Hong] Is there not an epoch-making change taking place in the economics field?

[Jiang] Today, we are exerting our efforts to do away with various kinds of contradictions. One of the impressions I received during my visit to the ROK was that the government carried out an attractive policy so that conglomerates could concentrate investment in a particular sector. On the other hand, in China, a specific product is not produced in large quantities professionally by a conglomerate, but instead is produced at various small-scale plants. Thus, efficiency and productivity are lagging behind.

We are exerting efforts to solve this problem, and currently we are promoting two big changes. The first is to change from a planned economy to a market economy, and the second is to change the production method from an extensive type to an intensive type of production.

President Hong, you received a masters degree in electrical engineering and a doctorate in economics. After that you worked for the World Bank and also served as a professional manager of a conglomerate. I believe you are entrusted with an important position in running a newspaper company and will greatly contribute to developing relations between China and the ROK. In particular, what is regarded as important is that you can work energetically because you are still young.

[Hong] I think that one's age is important, but what is more important is to maintain one's health. It is known that you, President Jiang, will celebrate your 70th birthday soon. However, looking at you up close, you look 10 years younger. (At this, President Jiang

smiled radiantly and expressed his gratitude in Korean by saying "thank you.")

I hope you maintain your health so that you can accomplish China's great goal of becoming the number one global economic power in the 21st century.

I would like to talk about some of the excellent views you gave on China's economy.

The ROK is a small country that has its unique policy, and I believe that China, which has a population of 1.2 billion people, has its own unique policy as well. However, I believe both countries have a lot to learn from each other.

After listening to your impressions about visiting Samsung Electronics and Hyundai Automobile, I would like to make a comment about this.

Samsung, Hyundai, and LG Electronics, which are participating in the semiconductor industry, are achieving actual results better than those achieved in Japan. To achieve success in the semiconductor industry, I believe several preconditions are necessary.

First, we have to have manpower with self-restraint. A Confucian culture regards the common goal of collectivism as more important than individualism. This is very important in producing semiconductors, which have to go through hundreds of work processes.

Second is the chopstick culture. The nations of the ROK, China, and Japan all use chopsticks. Their fingers, which are delicate, can produce minute products like semiconductors the size of 0.5 micron and 0.25 micron.

Third is the business spirit of establishing great industries such as the semiconductor and automobile industries. In connection with these two industries, the ROK Government played an important role, but what I think was more important was the business spirit in which the companies invested enormously, even running risks. (At this time President Jiang started to take notes.)

Personally, I am optimistic about China's economic development in the 21st century.

The Confucian culture and chopstick culture the ROK has maintained; and the ethics of entrepreneurs that has developed the economy are also seen in China. The high economic growth you have achieved for the past seven to eight years by inheriting Mr. Deng Xiaoping's spirit of reform and opening up eloquently proves this. In particular, your policy of reform and opening up has drawn deep attention from advanced countries as well as developing countries.

For a big country, like China, which is able to enjoy self-sufficiency, it is not easy to adventurously choose the road of opening up.

Here, I can take an example of North and South Korea. South Korea has a large population and is poor in resources while North Korea has a small population and is relatively abundant in resources, including minerals. So, North Korea started with relatively good conditions. North Korea had enjoyed superiority over South Korea in its economic development until the early 1970's.

Under the self-sufficient system of its planned economy, North Korea was able to achieve a rapid economic development to a certain degree; however, the sustained development had to reach its limit.

To the contrary, in the mid-sixties, the ROK had to meet a situation under which an opening up was inevitable. Since then, the ROK has been engaged in fierce competition with foreign countries in the world's markets. As a result, the gaps in the economic level between North and South Korea are as you see today.

[Jiang] Let me recall the history of the world. I have visited many countries in Africa recently. China is one of the ancient civilized countries. However, China is backward due to the feudal system that continued for several thousand years.

During my recent visits to African countries, I witnessed many ancient buildings. Looking at them, I was deeply impressed by their ancient architecture, which, without using cranes, could lift large and heavy stone pillars.

Compared with the Roman culture, Egyptian culture, Greek culture, and Indian culture, the Confucian culture has maintained a sustained development.

As Mr. Hong mentioned, chopsticks are a very simple dining utensil. I believe that the Confucian culture has definitely had a great influence on Asia.

In an article contributed to a diplomatic magazine, entitled "Clash of Civilizations," a U.S. scholar said that none of the world countries can deny the influence of the Confucian culture.

Judging from the history of the rise and fall of the countries of the world, Asia is certain to regain its prosperous era.

After decades of exploration since the founding of New China, our country has attained miraculous development in its economy by dint of Comrade Deng Xiaoping's policy of reform and opening up. Comrade Deng's policy of reform and opening up assumed its concrete form as a socialist market economy adopted at the 14th National People's Congress [NPC] in 1992.

Three hundred years have passed since the capitalist theory was born in Britain. However, the work we are engaged in is to realize the market economy under the socialist system. That is, as Comrade Deng Xiaoping put it, socialism with Chinese characteristics. Like you, I studied electronic mechanical engineering. At the same time, I studied the economic theories of Adam Smith, John Maynard Keynes, Paul Samuelson, and Milton Friedman. I met Mr. and Mrs. Friedman when I was in Shanghai, and met them again when I was working in Beijing. I also studied the Lucas [name as transliterated] Theory. However, overall, I think that the economy of a country should be combined with the specific conditions of the country.

[Hong] Some observers in some Western countries are of the opinion that the development of China may pose a threat to the world.

[Jiang] I think to the contrary. If China is not being developed, that will pose a threat to the world. The development of China will contribute to the stability of not only China but also of Asia and the world as a whole.

Of the 1.2 billion Chinese people, 65 million people are still suffering from food and clothing problems. For a considerable period of time in the future, China will remain a developing country.

China will be able to become an economic power in the long run. However, even if China becomes an economic power, it will not be a threat to the world. Rather, it will contribute to the stability of the world.

Yesterday, the 16th of July, we convened a meeting for environmental protection. The core of my emphasis is that China will have to give much attention to environmental protection. In fact, the major powers of the world today were the ringleaders of environmental contamination. We will develop the country with our own strength, but the advanced countries ought to give much assistance to the developing countries.

[Hong] With the coming 21st century, the people of the world are devoting great attention to the 15th CPC National Congress slated for next year. As general secretary of the party, please tell me about the goals pursued by the CPC to cope with the 21st century, reforms to be focused within the party, and changes expected in the party following the 15th party congress.

[Jiang] In accordance with the CPC Constitution, the party congress is held every five years. The sixth plenary session of the CPC Central Committee (slated for September) will decide on issues regarding the 15th CPC Congress to be held next year. We have five more years until the end of this century. During this

period, our party should not only lead all the people to successfully accomplish the second-stage strategic goals for the country's modernization construction, but also establish a basic socialist market economic system to prepare the ground for achieving third-stage strategic goals.

Our party will adhere to the socialist theory of China's own style and the party's basic line advocated by Comrade Deng Xiaoping, so that China enters the 21st century filled with vitality and vigor while constantly developing the national economy and achieving political stability, unity, and overall social development.

At the same time, our party will further research important questions regarding state reform and development, as well as party building, to solve them properly.

I expect the 15th CPC Congress will provide a strong political and organizational guarantee for smoothly realizing the great blueprint of China for facing the 21st century and continuously pushing ahead with the socialist modernization work.

[Hong] Hong Kong will be returned to China in July 1997. How will China guarantee the practice of "one country, two systems?"

[Jiang] The Chinese Government will restore its sovereignty over Hong Kong on 1 July 1997, and Hong Kong will be a special administrative region under the direct control of the central government. The Chinese Government will firmly implement the "one country, two systems" advocated by Comrade Deng.

As an advanced self-governing locality, the Hong Kong Special Administrative Region will be governed directly by the residents of Hong Kong; there will be no change in Hong Kong's current social or economic systems, or in the ways of life there, and there will be no fundamental change in its law.

Hong Kong will also have the administrative management right and its own legislative and judicial power, as well as a court of final appeal. Not even one official will be dispatched to Hong Kong from the central government.

All these are specified by the endorsed basic law on special administrative regions, in the form of a law, and are supported by a broad range of Hong Kong residents. The preparatory work for a power shift and for the inception of special administrative region business is now proceeding as planned, without difficulty.

[Hong] How do you think the Chinese takeover of Hong Kong will affect the Asian region?

[Jiang] When China has restored its sovereignty over Hong Kong and Hong Kong has achieved a long-term

prosperity and stability, this would very positively affect the development and stability of the Asian region. First of all, the settlement of the Hong Kong issue will help accelerate the settlement of the Taiwan issue for the reunification of China, eventually creating a favorable atmosphere for peace and stability in Asia and the Pacific region.

Second, by achieving the "one state, two systems" plan in Hong Kong, we will set an example of settling an issue posed by history in a peaceful manner and this will eventually present new knowledge and many suggestions for settling international disputes in today's world.

In particular, thanks to the establishment of a special administrative region, Hong Kong would be better off in playing its role as a center of finance, trade, aviation, and transportation, and it will continue to perform its function as an important gateway and bridge linking China with Asian countries and with the rest of the world.

A prosperous and stable "one China," including a prosperous and stabilized Hong Kong, will not only help the development and stability of the Asian region, but also significantly contribute to the peace and development of the world as a whole.

[Hong] No agreement has been reached in negotiating the Comprehensive Test Ban Treaty [CTBT]. What is China's position toward this?

Some circles note that India has refused to sign the CTBT and China has taken a hard-line stance toward the question of on-the-spot inspections. How do you assess this issue?

[Jiang] China is in favor of concluding the CTBT in the course of achieving thoroughgoing nuclear reductions. This is the reason China has actively supported and participated in the CTBT negotiations. China has also expressed its hope for making efforts along with all countries concerned to conclude the treaty this year.

China has shown positive flexibility over several vital questions and has contributed in its own way to efforts to help push ahead with the negotiations.

We hope the countries concerned would equally demonstrate flexibility in negotiating and would carry out this task in a positive and responsible manner so that the treaty will be concluded this year.

A treaty regarding nuclear inspections has to be fair and reasonable, and the nuclear inspections must be efficient, able to deter violations, and not detrimental to the rights and interests of member nations of the

treaty. China's belief regarding the question of on-the-spot inspections is based precisely on this principle. Therefore, China's position is understood and favored by all countries concerned and will certainly be reflected in concluding the treaty. I would like to talk with you longer. However, time is limited. So, let's call it a day here. I am sorry.

[Hong] I have been amazed at your comment even on the Lucas [as transliterated] theory. I personally think that socialism and a market economy can be compatible with one another. This is because I think that the market economy is not an ideology but a natural law.

In conclusion, I wish China even greater development under your leadership, and I hope you will pay even deeper attention and make even greater efforts, so that peace and stability take root on the Korean peninsula. Thank you.

[Jiang] Kamsahamnida (in Korean) [Thank you]. (President Jiang got up from his seat and accompanied President Hong to the entrance, beginning to talk in English)

[Jiang] I appreciate your views. You are young, but you are great.

[Hong] I respect you. You really look good.

[Jiang] President Kim also looks very young. I know he jogs every morning, but I swim every day (making a swimming gesture).

[Hong] I think President Kim is one year younger than you. (President Jiang has come to the entrance and shaken hands with President Hong and everyone present at the interview, and has seen them off)

ROK: Daewoo, Iranian Firm Sign Electronic Appliances Accord

SK1907042596 Seoul THE KOREA TIMES in English 19 Jul 96 p 8

[FBIS Transcribed Text] Daewoo Electronics has broken into the Iranian electronics market, signing an agreement with NIA to export a wide range of home electronic appliances.

Company officials said the agreement calls for the export of \$50 million worth of television sets, video cassette recorders and refrigerators over a period of three years.

One distinctive aspect of the deal is that all products will be sold under the Daewoo trademark, creating an opportunity for the company to expand brand recognition in the Middle East.

Burma

Burma: ASEAN Urged To Review 'Constructive Engagement'

BK1907135996 (Internet) BurmaNet News in English
18 Jul 96

[Joint Statement by activist groups issued on 19 July — place not given]

[FBIS Transcribed Text] The upcoming 29th ASEAN Ministerial meeting for regional political, economical development is also very important for Burma.

We suggest to the ASEAN members that an assessment of whether the ASEAN decisions on Burma has been successful or not needs to be done and to have a clear practical policy needs to be laid out.

From our point of view, ASEAN's "Constructive Engagement" does not have any effect on the calls for: — the recognition of the 1990 election results

- the release of political prisoners
- overall cease-fire

— to start the reconciliation process in Burma through starting a dialogue with the National League for Democracy, NLD, led by Daw Aung San Suu Kyi.

Because of the Constructive Engagement policy, the SLORC [State Law and Order Restoration Council] has received opportunities to strengthen its hold on power and, at the same time have the opportunity to have investments which are benefiting only the families of the SLORC.

That the basic human rights are being violated and arbitrary arrests are still being made, was blatantly presented by the SLORC when arresting NLD representatives before the NLD conference in last May.

If the ASEAN, at this 29th Ministerial Conference does not try to change its policy, we can only draw the conclusion that ASEAN members are collaborators in defending a dictatorship.

Not only are we determined to work together with the ASEAN members for the economic and social development of the region, we are also determined to work together for the abolishing of dictatorships.

We therefore request that this meeting will:

- make an evaluation of the Constructive Engagement Policy and have a practical policy laid out
- to stop the initiatives on accepting the SLORC as a member of the ASEAN.

Students Federation of Thailand (SFT)

All Burma Students' Democratic Front (ABSDF)
All Burma Basic Education Students Union (ABBESU, Thailand)
Overseas National Students Organization of Burma (ONSOB)
Burmese Students Association (BSA, Safe Area)
Federation of Trade Unions-Burma, Youth (FTUB)

Burma: NCGUB Says SLORC Tried To Blow Up People's Desire Billboard

BK2007092496 (Internet) BurmaNet News in English
19 Jul 96

[Statement issued by the National Coalition Government of the Union of Burma [NCGUB] on 15 July — place not given]

[FBIS Transcribed Text] The following is the NCUB's [National Coalition Government of the Union of Burma] response to SLORC's [State Law and Order Restoration Council] accusation that the bomb explosion at the propaganda billboard erected in front of the Embassy of the United States on Merchant Road in Rangoon, was the work of so-called subversive elements.

1. The SLORC is facing a dilemma as it has refused to hold talks with the NLD [National League for Democracy], led by Daw Aung San Suu Kyi, and other political organizations which are trying to solve Burma's political problems through peaceful means.

2. As the debate over the imposition of trade sanctions on the SLORC gains ever greater media attention and public support around the world, the military regime is afraid that the political movement inside the country will increase in response to this mounting pressure from the international community.

The SLORC is also being criticized for the arrest of NLD representatives and students, for the continued use of forced labor and portering, and for the imposition of unjust laws on Burma's democracy leader Daw Aung San Suu Kyi in the wake of NLD's boycott against the SLORC's National Convention. Additionally it has received further condemnation from a number of EU countries for the unexplained death of Mr. James Leander Nichols in Insein Prison.

3. The SLORC is very worried that the worsening political, social and economic conditions within Burma if left unsolved will strengthen the political movements that oppose them.

It is blatantly obvious that the SLORC is attempting to portray the activities of the non-violent political movements for democracy as acts of terrorism in order to justify violent suppression of their opposition and thus preserve their hold on power indefinitely.

4. This is the work of a clique of military officers who do not wish to work for the prosperity of the country, and who do not wish to uphold the dignity of the armed forces. We would therefore like to urge patriotic soldiers within the army to join forces with the people to build a new democratic Burma.

5. We NCUB hereby state that we believe that the bomb explosion at the billboard that bore the SLORC's propaganda slogan 'Oppose the stooges of foreigners', erected in Maha Bandoole Park in front of the Embassy of the United States was the work of the military regime itself and not that of the organizations that are affiliated with the NCUB. National Council of Union of Burma (NCUB) Date: July 15, 1996

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Malaysian Minister Says Burma's ASEAN Entry 'Inevitable'

BK2207100496 Kuala Lumpur Voice of Malaysia in English 0800 GMT 22 Jul 96

[FBIS Transcribed Text] The United States should realize that Myanmar's [Burma] future participation in ASEAN is inevitable. Malaysian Foreign Ministry Secretary General Tan Sri Ahmad Kamil Jaafar said it is Malaysia's wish to have Myanmar becoming an ASEAN member in ways that are acceptable to all, although this will take time. Ahmad Kamil was speaking to reporters after meeting with the United States special envoy on Myanmar William Brown in Jakarta.

At the meeting, Ahmad Kamil showed Brown the constructive engagement policy, which ASEAN adopted with regard to Myanmar. Ahmad Kamil said problems in Myanmar are internal matters that should be tackled by its government without outside interference.

Singapore

Singapore: Government Plans Funds for Research, Development

BK2207061596 Singapore THE STRAITS TIMES in English 22 Jul 96

[Report by M. Nirmala — received via Internet]

[FBIS Transcribed Text] The Government will pump \$[Singapore]2 billion more into research and development [R&D] over the next five years, said Trade and Industry Minister Yeo Cheow Tong.

He said that this sum could be increased if industries snapped it up.

"If the private sector is prepared to put money into R&D, the Government will be happy to support them," he

said, adding that the projects should be commercially relevant.

Mr. Yeo noted that the \$2 billion set aside in 1990 when the R&D drive in Singapore was launched has been used largely to help set up 13 research institutes and centers.

In an interview with THE STRAITS TIMES, he said that Singapore had to move deeper into R&D to remain competitive, a point highlighted by Prime Minister Goh Chok Tong during his visit to Finland, Sweden and Norway last month. PM Goh said Singapore needed to add depth to its economy by placing more emphasis in this area.

Taking up this point, Mr. Yeo said that while developed countries such as Japan and the United States spent 2.7 per cent of their Gross Domestic Product (GDP) on R&D, Singapore spends less than 1.2 per cent of its GDP in this area.

Rising costs of doing business meant that Singapore had to move into new areas to stay ahead of competition.

Products had to be new, innovative and cheaper, he said, adding: "R&D would be the tool to help our manufacturing sector remain competitive in the years ahead."

So far, new products which were invented in Singapore were selling well world-wide and spawning business activity here, he said.

For example, Hewlett-Packard Singapore's DeskJet had the world-wide charter to manufacture, market and sell the printer, he said.

The company has now added new products such as graphic calculators that can plot graphs and an electronic organizer that recognizes handwriting.

"We are seeing good results," he said.

When asked about the shortage of engineering and science graduates and how this would have an impact on R&D, he replied: "It's a matter of great concern to the Government."

Under the second National Technology Plan, details of which will be released later, this problem will be addressed, he said.

Already in place was the School Adoption Scheme where students are adopted by companies to work on science and engineering projects during school holidays.

Students, he said, would move into science and engineering once they realized that the demand was high and pay, good.

He said it was understandable why many Singaporeans were not aware of the importance of R&D. After all, it was a highly specialized field known only to a small proportion of the total population.

Noting that there are about 7,000 scientists and engineers, he added: "The call is not to everybody but a very select group."

"Once the demand for R&D personnel picks up, the message will percolate to the students and they will pick up the signals," he said.

Research chiefs in companies welcomed the \$2 billion funding plan.

Mr. Chang Choong Kong, general manager at Shell Research Eastern, said: "This is great news and it shows the Government's commitment."

Dr. Louis Woo, director, Apple Design Center, added: "It shows that the Government really values what we've been doing and wants to encourage us to be more innovative."

And the university too will benefit. Professor Hang Chang Chief, deputy vice-chancellor, National University of Singapore, said more jobs would be created for post-graduate students and NUS [National University of Singapore] can do more research projects jointly with companies.

"The Government is sending a positive sign," he said.

Cambodia

Cambodia: 'New Turning Point' in Hun Sen's Foreign Policy Viewed

BK2007122796 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian. 20 Jul 96 pp 1, 2

[Unattributed commentary: "Hun Sen's Foreign Policy"]

[FBIS Translated Text] The 18-22 July visit to China and the 14-17 July visit to South Korea made unilaterally by Second Prime Minister Samdech Hun Sen have written new, fruitful issues in the pages of Cambodian diplomacy. Samdech Hun Sen has become a major diplomatic stalemate breaker. His action has given Cambodia the chance to further enhance its cooperation.

Immediately following the king's return to Cambodia, the PRC officially announced the visit to China by Samdech Hun Sen. According to various sources, the visit had already been planned for two or three months. Samdech Hun Sen himself acknowledged this. He said upon his arrival at Pochentong Airport on 17 July after a visit to South Korea that "the visit to China has been well-planned; it is not random."

Waiting for the king's departure from China and the invitation to Samdech Hun Sen alone—without regard to the prince krompreah [Norodom Ranariddh], who is the first prime minister—appear to reflect Beijing's new political intentions toward its old "great friends," namely the king and the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party. It is certain that some people are unhappy with Beijing's new diplomacy, but those who are most anxious are the Khmer Rouge leaders in the jungle.

The visit to Beijing is a tactful plan. More or less, the alliance between China and the Khmer Rouge, specifically during the era of genocide in Cambodia, has tarnished China's reputation vis a vis the Cambodian people. Nevertheless, disagreeable questions about the visit were avoided by analysts and reporters.

Samdech Hun Sen might be accused of "intending to consolidate a new communist regime" through his visit to China. Anyway, the smartest analysts have not paid the least attention to this point, because the breakthrough made by Samdech Hun Sen in Cambodian-South Korean relations is additional testimony confirming that the issue of a "new communist regime" is not the card that Samdech Hun Sen will play. Moreover, at a news conference in Seoul, South Korea, Samdech Hun Sen announced that full relations between Cambodia and South Korea were only a matter of time.

The visit by Samdech Hun Sen certainly shows that China has increasingly lost hope in its "former allies" in Cambodia. It must turn to talking to its "former enemy Hun Sen," who is popular in the country. Samdech Hun Sen is a leader of the Cambodian People's Party, which is categorically opposed to the policy of bringing Khmer Rouge chieftains to share power within the government. This policy is also advocated by some extremist political leaders in Cambodia.

Since China is a great friend of the king, national politicians hardly dared denounce China for its support to the Khmer Rouge, which plunged Cambodia into an abyss of blood and tears between 1975 and 1978.

The visit by Samdech Hun Sen has provided China with a real opportunity to choose between the Cambodian people and the Khmer Rouge leaders and its powerless allies. China needs to honorably admit its guilt for the events that occurred in Cambodia and for becoming involved.

The visit to South Korea and the PRC has brought the foreign policy of Cambodia's Hun Sen to a new turning point. The visit is also an important event that follows the diplomatic and political moves that Samdech Hun

Sen undertook to bring Cambodia to the Paris 1991 peace accord.

Cambodia: Sam Rangsi Says Prince Sirivut To Return by Year's End

*BK2007092796 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 20 Jul 96 pp 1, 11*

[Report by Seiha]

[FBIS Translated Excerpt] Speaking to reporters on 18 July, Khmer Nation Party [KNP] Leader Sam Rangsi disclosed that Prince Kromkhun Sirivut, currently in exile in France, would return to Cambodia and was "prepared to go to jail."

Concerning another FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Co-operative Cambodia] congress to be held in Paris on 21 July, Sam Rangsi said some of the FUNCINPEC members who were unhappy with Prince Krompreah Norodom Ranariddh had joined the KNP while the others would hold a congress to elect a new FUNCINPEC chairman.

Sam Rangsi, who has just returned from an overseas trip to urge foreign countries to impose conditions on aid to Cambodia and who impressed reporters with Prince Sirivut's "determination" to return to the political arena, said the prince was prepared to go to jail. He added that the "convict" might return by the end of 1996. [passage omitted on background of indictment against Prince Sirivut]

Indonesia

Indonesia: 'Differences' Remain With U.S. Over Car Policy

*BK1907095796 Jakarta Radio Republik Indonesia
Network in Indonesian 0700 GMT 19 Jul 96*

[Report by Ahmad Prambahan at the Merdeka Palace]

[FBIS Translated Excerpt] Indonesia is determined to prevent the national car policy from being brought up at a World Trade Organization [WTO] meeting due to be held in Singapore in December. Industry and Trade Minister Tunky Ariwibowo admitted after meeting President Suharto at the Merdeka Palace this morning that there remained differences in opinion between Indonesia on the one hand and the United States and Japan on the other over the policy. Nevertheless, he was convinced that both the United States and Japan had not yet given any indication that they would bring up the matter at the WTO.

Minister Ariwibowo reported to President Suharto on the results of the APEC finance ministers meeting in Christchurch, New Zealand, in the middle of this month

as well as on the preparations for the WTO ministerial meeting to be attended by about 120 countries in Singapore from 9 to 13 December 1996. [passage omitted]

Answering questions on whether there had been any indications that the United States and Japan would bring up the national car policy at the WTO, Ariwibowo said Indonesia would continue talks with the two countries over the matter.

According to Ariwibowo, the United States and Japan are currently determined to continue talks with Indonesia over the matter. Talks on the national car policy will continue. Indonesia will send a delegation to Washington D.C. this month. Meanwhile, the Indonesian industry and trade minister and the Japanese minister of international trade and industry have agreed to meet at any time to discuss the matter. There has, however, been no definite schedule. [passage omitted]

Indonesia: Suharto Meets With Russian Foreign Minister Primakov

*BK2207105296 Jakarta Radio Republik Indonesia
Network in Indonesian 0700 GMT 22 Jul 96*

[FBIS Translated Text] President Suharto has received a courtesy call from Russian Foreign Minister Yevgeniy Primakov and his deputy (Aleksander Spinov). During the meeting, the Russian foreign minister handed over a letter from President Boris Yeltsin to President Suharto and discussed bilateral ties. Minister-State Secretary Murdiono gave details of the meeting:

[Begin Murdiono recording] Both Indonesia and Russia are looking for potential areas, especially in the economic field, to be developed for mutual benefit in the future. In this connection, the Russian foreign minister said his country is serious about its desire to expand ties with Asia-Pacific countries, especially Indonesia. Therefore, both sides need to get to know one another more, especially in regard to the two countries' private business sector. The Russian foreign minister said his country attaches great importance to bilateral ties with Indonesia because our country has great potentials. He also handed over a letter from President Yeltsin to President Suharto inviting the latter to visit Russia at a convenient time. [end recording]

Indonesia: Military Officer Terms PDI Free Speech Forum 'Illegal'

*BK2107134096 Jakarta Radio Republik Indonesia
Network in Indonesian 0000 GMT 21 Jul 96*

[FBIS Translated Text] Lieutenant General Syarwan Hamid, chief of ABRI [Armed Forces of the Republic

of Indonesia) Sociopolitical Affairs, believes the free speech forum organized by pro-Megawati PDI (Indonesian Democratic Party) followers at the party headquarters at Diponegoro Road in Jakarta is moving toward establishing a force opposed to the government. Such a free speech forum, therefore, must be stopped immediately. When the speeches at the free forum are studied carefully, they clearly show efforts to establish a force that is opposed to the government, even though the movement is now still in its infancy. Lt. Gen. Syarwan Hamid said this in Jakarta yesterday after he presided over a panel discussion of several mass organizations, stressing that the free speech forum had already violated existing laws.

Meanwhile, the 61 mass organizations that attended the panel discussion submitted a joint communique calling on the government to ban the free speech forum, which it considered to be illegal and against national ethics.

Laos

Laos: Officials Hold Talks on Railway Project With Malaysian Group

BK2207003996 *Vientiane VIENTIANE TIMES*
in English 12-18 Jul 96 pp 1, 2

[Unattributed report]

[FBIS Transcribed Text] Construction of a railway linking Singapore, Malaysia with Thailand, Laos, Vietnam and southern China was discussed at a meeting at the Lan Xang Hotel this week.

Delegations from Laos and Malaysia discussed the stretch of railway running from Vientiane to Thakhek and Savannakhet, and on to the Lao-Vietnamese border.

Officials of the Lao Ministry of Communication, Transport, Post and Construction met with a visiting delegation from the Ministry of Transport of Malaysia. The Lao delegation was led by its minister, Phao Bounaphon, and Datuk Sri Dr. Ling Liong Sik, Minister of Transport of Malaysia, led the visiting delegation.

Should this railway project go ahead, it would contribute to economic development in Laos and the entire region.

The delegations also discussed the construction of warehouse facilities to be built near the Friendship Bridge, between Vientiane and Nong Khai, Thailand, and others to be built in Thakhek and Savannakhet in central Laos.

The Malaysian delegation came to Laos for a three-day visit at the invitation of the Ministry of Communication, Transport, Post and Construction.

Deputy Prime Minister Khamphoui Keoboulapha received the visitors on July 8 and said their trip would

contribute to cooperation and communication between Laos and Malaysia.

The delegation also visited Savannakhet and Khammouane provinces to see projects along Road No 13 South.

Laos: Foreign Minister Departs for ASEAN Meeting in Jakarta

BK1807121996 *Vientiane KPL in English*
0855 GMT 18 Jul 96

[FBIS Transcribed Text] Vientiane, July 18 (KPL) — A Lao delegation led Foreign Minister Somsavat Lengsavat left here yesterday for Indonesia to attend the annual ASEAN ministerial meeting to be held in Jakarta on 20-21 July.

This will be the fourth time Laos will participate in ASEAN meetings as an observer after having signed the Bali Treaty in 1992. The Lao delegation will also take part in the third ASEAN Regional Forum on 23 July in Jakarta.

Included in the schedule of the Lao delegation, from 24 July to 4 August, are the bilateral visits to Indonesia, Australia, and New Zealand.

Philippines

Philippines Security Adviser: Terrorist Plot Against APEC Summit

BK2207023396 *Quezon City GMA-7 Radio-Television Arts Network in Tagalog* 2230 GMT 21 Jul 96

[FBIS Translated Text] The National Security Council has revealed that it has discovered a communist terrorist plot to disrupt the holding of the Asia-Pacific Economic Cooperation Summit. According to National Security Adviser Jose Almonte, a rebel group associated with the faction of Filemon Lagman, a former leader of the communist Alex Boncayao Brigade hit squad, was planning terrorist actions, including murdering foreign delegates, hostage-taking, kidnapping, and bombings.

Meanwhile, President Ramos has instructed Director General Ricardo Sarmiento, Philippine national police chief, to quell any terrorist plot and to arrest the suspects.

Philippines: Surrender of NPA Rebels Termed 'Strategic Victory'

BK2007105396 *Manila MANILA BULLETIN*
in English 20 Jul 96

[Received via Internet]

[FBIS Transcribed Text] PROSPERIDAD, Agusan del Sur—The government claimed a "strategic victory" yes-

terday when 42 heavily armed New People's Army (NPA) rebels, described as the backbone of the Communist movement in Mindanao, surrendered to Philippine Army chief Lt. Gen. Clemente P. Mariano here.

Among the surrenderees were a noted rebel commander and 11 of his front committee staffers. Col. Ernesto G. Carolina, commanding officer of the 401st Infantry (Unite and Fight) Brigade based in New Leyte here, identified the rebel commander of the Side 2, Front Committee Pulahang Bagani Yunit (PBY) as "Commander Leganio Niel," who had been fighting the government for the past 11 years. Commander Niel's 11 committee staffers were carrying the positions of deputy commander, operation, intelligence, political, and finance officers, medical staff, and squad team leaders.

Colonel Carolina said the communist rebels used to operate in the southern parts of Agusan and Bukidnon provinces. Niel and his companions took their oath of allegiance before Gov. Alex Bascug witnessed by Caraga region officials led by Rep. Charito B. Plaza, Mayor Yvonne B. Carmona, Philippine National Police (PNP) commanders led by Caraga regional director Sr. Supt. Manuel T. Raval, regional directors from various agencies of the government, battalion commanders, socio-civic group leaders, and media. The surrenderees received P [pesos] 104,000 for their surrendered high-powered firearms and other war materiel, including a 60 mm. mortar, in accordance with the 401st Brigade's "Balik-Baril, Bayad-Agad" program.

Carolina said the early surrender of the rebels was attributed to the active participation of the Agusan del Sur local peace negotiation committee chaired by Governor Bascug and Bishop Juan de Dios Pueblos. Earlier, Commander Niel surrendered to Lt. Col. Henry Cinco, 36th Infantry Battalion commander, at the forested mountain of Kilometer 60, San Luis town.

"This is now a breakthrough to the peace process between the government and communist movement in Mindanao," General Mariano said. The Army chief commended the 401st Infantry Brigade and the local officials for their all-out effort to achieve peace and development in Mindanao. Just recently, a company-size heavily armed communist rebels in the mountains of Agusan del Norte and Misamis Oriental also yielded to the 58th Infantry Battalion and vowed to support the amnesty and reconciliation program of the government.

Philippines: Ramos Accepts Resignation of Trade Secretary

BK2207073996 Manila PNA in English
0439 GMT 21 Jul 96

[Received via Internet]

[FBIS Transcribed Text] Manila, July 20 (PNA) — President Fidel Ramos on Saturday accepted the resignation of Trade and Industry Secretary Rizalino Navarro effective Aug. 1 and named Trade Undersecretary Cesar Bautista as his replacement in an acting capacity.

However, the president appointed Navarro a member of the Monetary Board of Bangko Sentral ng Pilipinas (Central Bank of the Philippines) for a term up to July 5, 2002.

Bautista, an executive of Procter and Gamble company before joining the Department of Trade and Industry (DTI), is in charge of international trade negotiations. He is expected to play a key role in the Asia-Pacific Economic Cooperation (APEC) conference to be held at the PICC [Philippine International Convention Center] in November.

The president said he acted on the longstanding offer of Navarro to resign for health reasons.

The president thanked Navarro, one of the original members of the cabinet, for helping turn around the economy and for his exemplary leadership of his department.

Thailand

Thailand: APEC Urged To Tackle Real Issues 'Head-On'

BK2207041696 Bangkok BUSINESS DAY in English
22 Jul 96 p 4

[Editorial: "APEC Must Stop Dancing Around Free Trade"]

[FBIS Transcribed Text] The APEC Ministerial Meeting on Sustainable Development in Manila earlier this month was a complete waste of time and did further damage to APEC's already low standing among international organizations.

The two-day meeting yielded a brief and sketchy "Declaration" containing generalities and pretentious phrases but nothing of substance.

In case anyone cares to know, the Declaration said: "The APEC Ministerial Meeting on Sustainable Development recognized the over-arching necessity for incorporating sustainable development issues into the overall effort to achieve the three pillars of the Osaka Action Agenda."

The Declaration added that the meeting "Recognized that environmental issues span across APEC fora and require cross-cutting approaches within the existing mechanisms of APEC."

APEC is fast becoming a joke, and unless substantive measures are put forth soon, the organization will not deserve to be taken seriously at any level.

The Osaka Action Agenda did give a ray of hope that meaningful steps towards free trade would be put forth. Instead of action however, we got more words like "over-arching," "fora" and "cross-cutting"—sophomoric pretensions that border on the farcical.

Our advice is simple: Stop playing for time by hiding behind safe, all-things-to-all-men promises on environmental quality and sustainable development.

Environmental and development issues are important in any case, with or without APEC, and of course everyone wants to have environmental preservation and sustainable development. But the central issue that APEC has danced around is free trade and how to get to it.

Although the deadline for free trade is still very far away, the 18 member nations of APEC cannot afford to put off discussions, negotiations, and agreements on specific issues.

The challenge is daunting, and there is a legion of skeptics who say that APEC's free trade objectives are impossible to achieve. The major problem revolves around the trading relationships between the U.S., Japan, and the People's Republic of China.

Even if APEC had only these three countries as members, it would take a near miracle for them to make the necessary concessions to one another to usher in a new era of free trade.

In fact, the notion that the U.S. and Japan will arrive at a mutually acceptable pact to open up each other's economies and to dismantle all trade barriers soon or twenty years from now is very far-fetched considering Japan's incurable protectionism.

So the time to start working on the toughest issues has arrived. The Osaka Action Agenda provides a framework for negotiations on investment and trade liberalization. At their next meeting, APEC ministers should tackle the issues head-on.

Thailand: Research Center Looks at Underground Economy

BK2207101496 (Internet) Thai Farmers Bank WWW in English 20 Jun 96 (Tentative)

[Article by the Thai Farmers Research Center: "Underground Economy" — received via Internet; the "tables" referred to in the article do not appear in the Internet version]

[FBIS Transcribed Text] The existence of the underground economy can be found world-wide not only in the capitalist countries but also in the socialist countries. Although this hidden economy has played more and more important role to both developing and developed countries, it is still suspected whether this underground economy is much more vital in the former countries.

The scope of the underground economy is normally composed of both illegal activities (such as drug trafficking, prostitution, gambling, smuggling, corruption etc.) and legal activities (such as street vendors, shoemakers, beggars etc.).

In general, the underground economy will be attractive if the net profit (gross profit less total cost) gained from undertaking underground activities is greater than that of the overground economy and vice versa. In theory, this net profit will be influenced by the level of the tax rates, social and economic regulations, legal prohibition, economic instability, and crime punishment.

Theoretically speaking, tax evasion is highly sensitive not only to the tax rates but also to the tax payers' opinions on the government reputation, the tax system, and the transparency of government spending. In theory, tax evasion will be rapidly risen if the tax rates increase and vice versa.

The imposition of laws and regulations in the labour market, the good market, and the domestic and international money market will help stimulate the underground economic activities. This may be due to the fact that to run businesses in the overground economy is much more difficult than in the underground economy.

The illegal activities, for example, drug trafficking, prostitution, gambling, smuggling, corruption will rise if the income distribution problem is worsen. At the same time, the increasing red tape and complexity in obtaining business licenses or permits will also intensify the underground economic activities.

Moreover, economic instability resulted from high inflation, high unemployment, and high current account deficit which will normally increase the risk and cost of the overground economic activities will help stimulate the underground economy.

Money Supply Circulated in the Underground Economy

By applying the Fixed Currency Ratio Approach and the Variant Currency Ratio Approach for the period of 1972-1996, the Thai Farmers Research Center, Co., Ltd, found that the money supply circulated in the underground economy in Thailand had played an important role to the Thai economy. This activities had also tended to increase rapidly. It is expected that in 1996 the underground money supply will be ranged between 142,864.7 and 175,489.5 million baht or 159,157.0 million baht on average.

1. Fixed Currency Ratio Approach

Under this approach, the proportion of cash holding to demand deposit for the overground economy is assumed to be constant which can be classified into 2 methods, that is, the Simple Currency Ratio Approach (only cash is used for medium of exchange in undertaking underground activities) and the Modified Currency Ratio Approach (both cash and demand deposit are accepted as medium of exchange).

1.1 Simple Currency Ratio Approach

It can be seen from Table 1 that the money supply circulated in the underground economy has increased from 1,377.7 million baht per year during 1972-1976 to 99,452.6 million baht per year during 1992-1996, rising by more than 71 times. It is expected that in 1996 such money supply circulated will record about 146,378.0 million baht, rising by 18.59 percent from the previous year.

1.2 Modified Currency Ratio Approach

From Table 2, the money supply circulated in the underground economy has also jumped rapidly from 3,151.9 million baht per year during 1972-1976 to 121,620.3 million baht per year during 1992-1996, increasing by nearly 38 times. In 1996, such money supply circulated is expected to be 175,489.5 million baht, rising by 17.83 percent from 1995.

As far as both methods are compared, the money supply circulated in the underground economy generated from the Modified Currency Ratio Approach is always greater than that generated from the Simple Currency Ratio Approach. This is because under the former approach mentioned both cash and demand deposit are accepted as medium of exchange while under the later only cash is used for medium of exchange in undertaking the underground activities.

2. Variant Currency Ratio Approach

Under this study, the proportion of cash holding and demand deposit to overall money supply is assumed to

be varied with some economic indicators such as per capita income, tax rates and so on. This approach can be classified into 2 methods, that is, the method which only cash is used for medium of exchange in undertaking the underground activities and the method which both cash and demand deposit are accepted as medium of exchange.

2.1 Only Cash is Used for Medium of Exchange

It can be seen from Table 3 that the money supply circulated in the underground economy has surprisingly enhanced from 8,623.8 million baht per year during 1972-1976 to 122,864.4 million baht per year during 1992-1996, rising by more than 13 times. It is expected that in 1996 such money supply circulated will be 142,864.7 million baht, rising by 5.50 percent from the previous year.

2.2 Cash and Demand Deposit are Accepted as Medium of Exchange

From Table 4, the money supply circulated in the underground economy has also escalated from 10,515.6 million baht per year during 1972-1976 to 144,664.1 million baht per year during 1992-1996, increasing by nearly 13 times. In 1996, such money supply circulated is expected to be 171,895.9 million baht, rising by 5.97 percent from 1995.

As far as both methods are compared, the money supply circulated in the underground economy generated from Method in 2.2 is always greater than Method in 2.1. This is because under the first mentioned both cash and demand deposit are accepted as medium of exchange while under the second mentioned only cash is used for medium of exchange in undertaking the underground activities.

3. Average Value of the Fixed Currency Ratio Approach and the Variant Currency Ratio Approach

It can be seen from Table 5 that the money supply circulated in the underground economy has extraordinarily increased from 5,917.3 million baht per year during 1972-1976 to 122,150.3 million baht per year during 1992-1996, rising by nearly 20 times. It is expected that in 1996 such money supply circulated will be about 159,157.0 million baht, rising by 11.69 percent from the previous year.

Income Generated from the Underground Economy

The results obtained from the Fixed Currency Ratio Approach and the Variant Currency Ratio Approach suggested that the income, money supply multiplied by velocity of money in the underground economy, generated from the underground economy tend to increase rapidly.

It is expected that in 1996 the underground income will range between 2,270,953 and 3,135,382 million baht or 2,697,727 million baht on average, or 57.38 percent of GDP.

1. Fixed Currency Ratio Approach

1.1 Simple Currency Ratio Approach

It can be seen from Table 1 that the income generated from the underground economy has increased from 11,906 million baht per year during 1972-1976 to 1,520,534 million baht per year during 1992-1996, rising by nearly 127 times. It is expected that in 1996 such underground income will record about 2,354,770 million baht, rising by 21.71 percent from the previous year.

The proportion of the underground income to GDP has also risen from 4.28 percent during 1972-1976 to 40.30 percent during 1992-1996. In 1996, it is expected that this ratio will be equal to 50.08 percent, increasing by 7.47 percent from 1995.

1.2 Modified Currency Ratio Approach

From Table 2, the income generated from the underground economy has also jumped rapidly from 28,428 million baht per year during 1972-1976 to 2,046,313 million baht per year during 1992-1996, increasing by nearly 71 times. In 1996, such underground income is expected to be 3,135,382 million baht, rising by 21.37 percent from 1995.

The proportion of the underground income to GDP has also risen from 10.50 percent during 1972-1976 to 54.31 percent during 1992-1996. In 1996, it is expected that this ratio will be equal to 66.69 percent, increasing by 7.17 percent from 1995.

As far as both methods are compared, the underground income generated from the Modified Currency Ratio Approach is always greater than that generated from the Simple Currency Ratio Approach. This is because under the first mentioned both cash and demand deposit are accepted as medium of exchange while under the second mentioned only cash is used for medium of exchange in undertaking the underground activities.

2. Variant Currency Ratio Approach

2.1 Only Cash is Used for Medium of Exchange

It can be seen from Table 3 that the underground income has rapidly enhanced from 95,372 million baht per year during 1972-1976 to 2,060,736 million baht per year during 1992-1996, rising by nearly 21 times. It is expected that in 1996 such underground income will record about 2,270,953 million baht, rising by 2.15 percent from the previous year.

The proportion of the underground income to GDP has also risen from 35.23 percent during 1972-1976 to 56.85 percent during 1992-1996.

2.2 Cash and Demand Deposit are Accepted as Medium of Exchange

From Table 4, the underground income has also jumped vastly from 124,777 million baht per year during 1972-1976 to 2,686,519 million baht per year during 1992-1996, increasing by nearly 21 times. In 1996, such underground income is expected to be 3,029,803 million baht, rising by 1.70 percent from 1995.

The proportion of the underground income to GDP has also risen from 47.13 percent during 1972-1976 to 73.57 percent during 1992-1996.

As far as both methods are compared, the underground income generated from the method in 2.2 is always greater than that in 2.1. This is because under the first mentioned both cash and demand deposit are accepted as medium of exchange while under the second mentioned only cash is used for medium of exchange in undertaking the underground activities.

3. Average Value of the Fixed Currency Ratio Approach and the Variant Currency Ratio Approach

It can be seen from Table 5 that the income generated from the underground economy has increased from 65,121 million baht per year during 1972-1976 to 2,078,526 million baht per year during 1992-1996, rising by nearly 31 times. It is expected that in 1996 the underground income generated will register as 2,697,727 million baht, rising by 11.01 percent from the previous year.

The proportion of the underground income to GDP has also risen from 24.29 percent during 1972-1976 to 56.26 percent during 1992-1996. In 1996, it is expected that this ratio will be equal to 57.38 percent, decreasing by 1.98 percent from 1995.

Tax Evasion Resulted from the Underground Economy

1. Fixed Currency Ratio Approach

It can be seen from Table 6 that the tax evasion resulted from the underground economy calculated from the Simple Currency Ratio Approach and Modified Currency Ratio Approach have increased from 1,375 and 3,299 million baht per year during 1972-1976 to 256,652 and 345,385 million baht per year during 1992-1996 respectively. It is expected that in 1996 such tax evasion will be about 402,084 and 535,375 million baht, rising by 21.33 and 20.99 percent from the previous year, respectively.

2. Variant Currency Ratio Approach

The tax evasion resulted from undertaking the underground activities calculated from the case that only cash is used for medium of exchange in the underground economy and the case that both cash and demand deposit are accepted as medium of exchange have grown from 11,147 and 14,634 million baht per year during 1972-1976 to 347,027 and 452,902 million baht per year during 1992-1996, respectively. It is expected that in 1996 such tax evasion will record about 387,772 and 517,348 million baht, rising by 1.83 and 1.39 percent from the previous year, respectively.

3. Average value of the Fixed Currency Ratio Approach and the Variant Currency Ratio Approach

The average value of the tax evasion calculated from the Fixed Currency Ratio Approach and the Variant Currency Ratio Approach has increased from 7,614 million baht per year during 1972-1976 to 350,492 million baht per year during 1992-1996, rising by approximately 45 times. It is expected that in 1996 such tax evasion will register as 460,645 million baht, rising by 10.67 percent from the previous year.

Conclusion

During the past twenty five years (1972-1996), the underground economy in Thailand measured in terms of money supply, income, and tax evasion has played an important role to the Thai economy. Its value is enormously high and tends to expand rapidly. The major reason may be due to the fact that high tax and tariff rates imposed by the Thai government have increased the incentive for the people to avoid paying taxes. Complication initiated by the government laws and regulations in the labor market has also encouraged some people to work in the underground activities.

In addition, poorer income distribution has stimulated a lot of people to earn their extra money in both illegal and legal activities.

In order to catch up with the increasing cost of living, some authorities have to corrupt more.

In order to reduce the risk and cost of running overground businesses, the Thai government should urgently solve the problem of economic and political instability. At the same time, the problem of income distribution should also be ameliorated. Moreover, the standard and quality of living should be improved. The processes of obtaining official approvals such as permissions, licenses, and concessions should also be shortened and improved in order that the cost of running overground businesses will be reduced.

Vietnam

SRV: Minister Interviewed on Investment

BK2207105796 Bangkok PRACHACHAT THURAKIT
in Thai 22-24 Jul 96 p 23

[Interview with Nguyen Nhac, Vietnamese deputy minister of planning and investment, by unidentified PRACHACHAT THURAKIT correspondent — place and date not given]

[FBIS Translated Text] [PRACHACHAT THURAKIT] What are the changes in the Vietnamese economic policy after the eighth national party congress?

[Nhac] Most parts of the Vietnamese economic development plan remain unchanged. The changes concern more stringent consideration of new investors. They must be genuine investors, not just businessmen whose motive is to make easy money. In the past, the Vietnamese Government issued many investment permits, but less than 60 percent of permit holders actually carried out their projects. Therefore, the government has now to be more selective in issuing investment permits.

[PRACHACHAT THURAKIT] What is the current economic and investment situation in Vietnam?

[Nhac] Vietnam has entered a state of industrial development and modernization in a short time. The GNP growth will be about 9-10 percent during 1996-2000, while the per capita income in 2000 will double that in 1990. Expectation is that Vietnam will become a newly industrialized country in this region in two decades.

Regarding the current investment situation, some 700 companies from 53 countries now invest in Vietnam with a combined registered capital of 530 billion and capital investment of 165 billion baht. There are 56 Thai investment projects worth 12.865 billion baht in registered capital. Thailand ranks 12th among foreign investment in Vietnam. Thai investment includes industrial development zones, hotels, office buildings, apartments for rent, ore exploration, auto and motorcycle part manufacturing, and livestock and other forms agricultural production.

[PRACHACHAT THURAKIT] Can you elaborate on improvement of Vietnam's investment promotion plan? What do promotion activities involve?

[Nhac] The Vietnamese Government has tried to improve the investment climate. It has proposed to reform laws to better facilitate foreign investors, which are expected to be approved by the national assembly in October. Most of the reform will concern investment promotion laws to attract more quality foreign investment. This will contribute to the improvement of economic

structure by emphasizing the use of higher technology, efficient use of resources, and export promotion in order to enhance industrial development in Vietnam.

In my view, an important law that will be accelerated is the streamlining of steps in considering investment applications, which currently takes between 6-12 months. The new improved law will shorten this process to 1-2 months. It may take only 15 days for small projects. The power to make decisions on small investment projects will be delegated to local authorities.

The privileges given to investors will not be less than what other countries in the region currently give. Investment privileges will be extended to such businesses as agriculture, forestry, fishery, export manufacturing, production of high technology and modern products, labor-intensive industries, and infrastructure projects.

The government will also organize the first international trade exhibition and investment seminar during 12-26 December to exhibit products produced by foreign companies that have invested in Vietnam in the past 9 years. The seminar will emphasize future government policies that facilitate foreign investment.

[PRACHACHAT THURAKIT] How do Vietnamese people view Thai investors?

[Nhac] Over 90 percent of Thai businessmen are accepted by Vietnamese people due to similar culture and the way they do business. This is evident in Thai companies' ability to recruit quality Vietnamese employees, even though some companies offer inferior wage and welfare. Compared with foreign investors, Thai investors are sincere and give better opportunities to their employees.

[PRACHACHAT THURAKIT] What has been done to develop the central region — Hue and Danang — to facilitate economic link with Thailand that will occur as a result of the construction of highways No. 9, 8 and 12 through Laos?

[Nhac] We are in the process of planning. In any event, the Vietnamese Government has already announced the divisions of the economic development zones. The areas that the highways will pass have been declared special economic zones that will receive accelerated investment promotion to improve the living conditions of the people there. We have set aside some 2,000 hectares in Hue to build industrial estates in order to promote it to a new investment zone. Some 10 km of seashore have also been set aside for the construction of a deep sea port to accommodate 50,000-70,000 ton ships. Foreign investors will be allowed to bid for concessions to operate the projects in the area.

[PRACHACHAT THURAKIT] How does Vietnam plan to solve the corruption problem and the complicated bureaucratic procedures?

[Nhac] From my conversation with a World Bank representative a few years ago, I think World Bank procedures are more complicated than Vietnam's. The problem has to do with the fact that we did not set clear fee regulations, thus giving opportunities for exploitation by junior bureaucrats. No senior officials have been involved. The corrupt practices were conducted by brokerage companies. For example, if an investor who wanted to see me went to a broker to arrange a meeting, he would have to pay the broker between 7,500-12,000 baht. I have nothing to do with the broker. But if he had sent me a fax, it would not have cost him anything.

Every country in the region claims that it is the appropriate place to invest. In which way is Vietnam a better place to invest?

[Nhac] Like Thailand, Vietnam is drafting an operational plan to be submitted to ASEAN that will include incentives to attract foreign investors to ASEAN countries. I believe that each ASEAN country has different, strong incentive points for investors. Vietnam has a local development policy, so we will emphasize labor-intensive industries. The aim of the policy is not to compete against Thailand. It is a good policy and will attract Thai investors to Vietnam, that is, each country will give special consideration to different industries to attract foreign investment. For example, Malaysia will emphasize electronic industry, while Thailand is suitable for the auto industry, and Vietnam will emphasize the promotion of light and agriculture industries. Therefore, each ASEAN country will not propose incentives for the same industries. We try to support the form of investment that suits the specific country concerned.

[PRACHACHAT THURAKIT] What preparation has Vietnam made to join AFTA [ASEAN Free Trade Area]? What types of products will receive the initial tariff reductions?

[Nhac] We are making preparations to join AFTA by making gradual adjustments. By the year 2000 we will cut the import tariff to 0-5 percent. The government plans that the initial tariff cut will involve 19 products. It could not say at this time what these products will be, but it feels the first product to receive a cut will be clothes.

[PRACHACHAT THURAKIT] What progress has been achieved in infrastructure construction in Vietnam? Does the Vietnamese Government plan to encourage foreign investment in that field?

[Nhac] Infrastructure construction is an important issue in Vietnam because we have a lot of infrastructure development to do to serve as foundation for other areas of national development. The government will allow foreign investors to invest in infrastructure development, including the construction of roads, ports, bridges, the generation of electricity and hydroelectricity, and tap water supply. Interested investors can send their projects to the government for consideration regarding their feasibility and suitability. If there is more than one interested party, bidding will be called to choose the project that gives the highest yield.

Several foreign investors, including Japanese, Chinese, Taiwanese, American, Singaporean, Thai, and Hong Kong, have received permission to build infrastructure projects. Thai investment projects currently include Amata City Industrial Estate, which also generates 120-megawatt of electricity, a joint venture between Italhai and Si Uthong companies to develop sea ports in southern Vietnam, and a joint venture between the AIA and Si Uthong companies in the Dinh Vu project in Haiphong, which encompasses port and industrial estate development.

SRV: Development, Potentials of Mekong River Basin Reviewed

BK2207081196 Hanoi Voice of Vietnam in English
1000 GMT 15 Jul 96

[Station commentary]

[FBIS Transcribed Text] The fourth conference of the subcommittee on development cooperation in the Mekong River basin met in Vientiane recently. The conference reviewed the organization's activities of the past period and worked out orientations of action in the coming period. The conference was held in two days with the participation of Laos, Vietnam, Thailand, and Cambodia. Representatives from the Asian Development Bank [ADB] and international observers also attended the conference.

The conference worked out measures to reasonably manage, protect, and develop the Mekong River for mutual benefit. Each participant also presented his country's plan on the exploitation, protection, and development of production in the Mekong River basin.

Over the past three years, the economic cooperation program in the subregional Mekong River basin has brought about initial effective progress. A number of effective feasible projects have been identified, and practical institutions for cooperation in specific fields have been established. Over the past year, a number of important documents have been concluded to exploit

the natural resources in the river, the biggest river in Southeast Asia.

Cooperation and development in the Mekong River basin are of interest of many countries and organizations in the world. The ADB has organized many seminars for this Mekong River's subregion with the participation of 350 financial and banking organizations as well as major companies in the world. The ADB also funded over 40 projects to exploit the Mekong River.

Meanwhile, the Mekong Association 2000 was set up in France with the participation of 40 experts in different areas to promote cooperation between France and countries in the Mekong River basin. The Federation of Economic Organization in Japan informed its 250 major companies of investment projects in the Mekong River basin. ADB predicted that the Mekong region will soon develop and become the great Mekong. A stable political situation, diversified natural resources, and population of high education of the countries along the Mekong River will surely constitute favorable conditions for strong development in the region.

SRV: General on National Security, Political Stability

962E0050A Hanoi QUAN DOI NHAN DAN
in Vietnamese 18 Apr 96 pp 1,4

[Article by Lt General Nguyen Dinh Uoc, Associate Professor: "National Defense, Security, and the Country's Political Stability"]

[FBIS Translated Text] The Draft Political Report by the CPV Central Committee, seventh term, to be presented to the Eighth Party Congress, clearly states: "Against the background of a complicated situation, we have maintained political stability, defended the regime, maintained the independence, sovereignty, and peaceful environment of the nation, and created favorable basic conditions for the renovation task. Those accomplishments have been the combined results of the renovation task, in which national defense and security play an especially important role."

During the past 10 years, our country's revolution has faced an extremely complicated situation. The collapse of the socialist regimes in the (former) Soviet Union and the East European countries caused socialism to suffer a temporary setback and seriously affected our country. A considerable number of cadres, party members, and the masses were pessimistic and worried about the future of socialism. A number of people were vacillating and doubtful about the path of the socialist revolution in our country. A "democratic socialist" trend also arose and sought all ways to sneak into the political life of the

nation to weaken the battleground of socialism, steer the revolution in the wrong direction, and gradually replace socialism with capitalism.

An economic-social crisis, which began in the 1970's, continued to take place very fiercely. Many unstable factors were still latent and are only waiting for us to lower our guard, especially in national defense and security, to create major upheavals. The nation was still isolated by an embargo. The hostile forces thought that afforded a good opportunity and feverishly stepped up activities to attack our country's revolution by means of an extremely insidious strategy of "peaceful evolution" and violent overthrow, in order to "change the complexion of the regime."

Against that extremely complicated background, the maintenance of political security is a very basic condition in implementing the renovation line, with the goals of a rich population, a strong nation, and a just, civilized society with a socialist orientation. Political stability is a precondition for us to carry out the renovation task in a solid manner. On the other hand, the gradual success of the renovation process will strongly and positively affect the political-morale base of society and increase the people's belief in the future of the revolution and in the party, and heighten their patriotism and love of socialism. Thus the moral foundation of society and political stability will become even stronger.

Therefore, the process of maintaining political stability is also a process of carrying out a comprehensive national renovation line with a socialist orientation by means of firm steps and a process of strengthening political-morale solidarity in the political system as a whole and in society, struggling to overcome the unstable factors and, especially, taking appropriate steps to effectively deter and defeat all schemes to sabotage our country's revolution by the hostile powers.

It must be affirmed that political stability is the combined result of the renovation task begun and led by our Party on the basis of closely combining economic, political, cultural, ideological, and diplomatic strengths with the strength of national defense, on a national scale as well as in each locality and region.

The Vietnam People's Army was organized, led, educated, and forged by the CPV and President Ho Chi Minh. From the very first days of our army's formation, our party and President Ho Chi Minh were very much concerned with building up the army politically to serve as the basis for creating all-round strength, and during certain periods operated in accordance with the slogan, "The political is more important than the military." Therefore, our army is both a revolutionary armed force and an effective, reliable political force of the

party in the struggle against class and national enemies. Throughout the course of its combat and maturation, our army has proven to be a revolutionary army that is absolutely loyal to the party and victoriously fulfills its political missions in all phases of the revolution, in the face of domestic and international events and challenges, and contributes, along with all the people, to strengthening the nation's political battlefield.

In the renovation enterprise, on the basis of thoroughly understanding the party's line of renovation, the great undertaking of bolstering national defense and building the army there has been strong development and renovation in both thought and action, which has contributed to political stability and the common accomplishments of the nation.

Today, our army, implementing the party's renovation line, always closely combines the mission of defending the fatherland with building socialism, in which the mission of defending the unified fatherland is an integral part of the mission of defending the socialist regime and the party.

As far as we are concerned, defending the socialist regime is defending national independence, freedom, and the happiness of the people, for if the nation develops away from socialism, national independence and the true freedom and happiness of the people will no longer exist. That requirement of defending the fatherland demands the close combination of national defense and security to ensure the prompt stopping and smashing of all "peaceful evolution" and violent overthrow plots and schemes, and readiness to cope with other complicated situations that may arise.

In recent years the army, along with the people, has effectively carried out a strategic adjustment in each direction and area, as well as on a national scale, and has contributed resolutely to restoring and consolidating friendly borders with the neighboring countries. A national defense by all the people and a national defense deployment of all the people have been built more and more solidly. A new strategic deployment has gradually taken form, in close combination with the people's security deployment. The combined quality and combat strength of the armed forces has been further improved. That has contributed to creating a new strategic situation for the nation with regard to economics, politics, national defense-security, and culture-society, in order to achieve combined strength that is sufficiently strong to deter and defeat all nefarious plots of the hostile powers. Therefore, during the last years of the 1980s and the first years of the 1990s, the army units, along with the public security forces, correctly dealt with and smashed plots by the

hostile powers to cause trouble and commit violence, and maintained the independence, sovereignty, and territorial integrity of the fatherland, and the peaceful environment and stability of the various areas.

In carrying out their "peaceful evolution" strategy, the hostile powers are especially concerned with attacking us ideologically, in order to destroy the proletarian ideological system, cause the degeneration of ideology, virtue, and life-styles and the fading of socialist ideals of army cadres, party members, and the people, and ultimately change the regime. Under the leadership of the party our army has, along with the mass organizations, on the press front, in literary and artistic activity, in scientific seminars, in political life, in the carrying out of scientific and historical projects, and in the mass proselytizing work, struggled positively and effectively on the political-ideological front and retained the flavor of the national culture. People who scheme to demand "freedom, democracy, and human rights," distort history, negate the path of socialist revolution, guide the revolution on a democratic-socialist path, demand the depoliticalization of the army and the state, and divide the people's united solidarity bloc in order to weaken the leadership of the Party, foster opposition to us, and serve the hostile powers, were promptly uncovered, exposed, and stopped by the army and the public security police, which contributed to forming wholesome, social relationships and maintaining political stability. Especially, the army struggled resolutely against the first germs of political pluralism to appear in our country.

In political life, the army's cadres and men are always absolutely loyal to the party, profoundly understand Marxism-Leninism, the thought of Ho Chi Minh, and the viewpoints of the party, and effectively apply them to life. At the same time, they struggle to overcome incorrect, distorted viewpoints, vague understanding, vacillation with regard to ideals and beliefs, and to ensure political strength. Therefore, in the very complicated international situation in recent years of the reactionary powers attacking our country from many directions, and our country's encountering many difficulties, our army has remained stalwart, contributed to consolidating political stability, and created conditions for developing the nation in all regards. The experiences of many countries in the world show that even though the economy is developing rapidly, if there is a lack of vigilance there will still be instability and violence. Experience also provides us with the lesson that when opportunists gain power it is difficult to avoid the revolution going astray.

As an effective political force, the army units always do a good job of the mass proselytizing work, profoundly propagandize Marxism-Leninism, the thought of Ho Chi Minh, and the party's renovation line, and campaign for

the people to implement them and to struggle against the negative phenomena, social evils, and the opposition schemes of the hostile powers. That has contributed to increasing political vigilance on the part of all strata of the people, to strengthening the unified solidarity bloc of all the people, and to consolidating the political-social bases of all areas.

The army also recommends that the party and state work with the functional organs in renovating some policies in the sphere of national defense so that they can be in accord with the nation's actual situation, further improve the material lives and morale of the cadres and men, do a good job of implementing the army's rear area policy and the policy of giving special preference to people with merit toward the revolution, praise the heroic Vietnamese mothers and the heroic localities and collectives, locate and concentrate the graves of war dead, etc. Those policies have contributed to affirming the correctness of the revolutionary path we have followed, and have strengthened political-morale unity in the army and the people's belief in the party, the socialist path, and the close military-civilian relationship.

The implementation of the party's line of democracy, sovereignty, a mixed economy, and multilateralism, and the external activities of the party and state, in which external military activities have developed with regard to both breadth and depth, has contributed to opening up and strengthening friendly relations between our country and many nations, especially the neighboring countries, has broken the isolation and embargo imposed by the United States, enabled our country to become a member of regional and international associations, maintained a peaceful and stable environment, created international conditions favorable for renovation, and contributed to strengthening national defense and security potential.

Since the formation of the army, the party has always exercised direct, absolute leadership in all respects of the people's armed forces. That mechanism has resulted in sharp effectiveness in implementing the party's political and military lines in both wartime and peacetime and in both the period before the revolution gained power and after a state had been formed. Strengthening the party's leadership of the people's army is a decisive factor in enabling our army to always be a loyal, reliable political force and a sharp combat force of the party, the state, and the people.

Increasing national defense-security strength is a decisive factor in maintaining political security, defending the socialist regime, defending the party, defending the independence, sovereignty, and territorial integrity of the fatherland, maintaining a peaceful environment, and

creating the best conditions for developing the nation in all regards. That is the very valuable experience for the period in which the nation is promoting industrialization and modernization.

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Australia

Australia: Downer 'Turns Down' Talks With Megawati

BK2007130196 Melbourne Radio Australia
in English 1100 GMT 20 Jul 96

[FBIS Transcribed Text] Australia's foreign minister, Alexander Downer, has turned down an invitation for talks with the ousted leader of the opposition Indonesian Democratic Party or PDI. Megawati Sukarnoputri, replaced as leader during a recent rebel congress of the PDI, said yesterday she was keen to meet Mr. Downer and other foreign ministers attending ASEAN meeting in Jakarta. She said she was keen to brief them of political developments in Indonesia. However, a spokesman for Mr. Downer said today there were no plans for him to meet Ms. Megawati. The spokesman said the purpose of his visit to Indonesia was for multilateral talks, not bilateral ones, and the foreign minister's schedule was already very full.

The Australian Associated Press points out that a meeting with Ms. Megawati would have been posing problem for Mr. Downer because the Indonesian Government gave tacit support to the PDI congress at which she was ousted.

Australia: 'Uncertainties' in Defense Planning Viewed

BK2207005396 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 2 Jul 96 pp 43,44

[Article by Geoffrey Barker: "Uncertainties Set Planning Problems"]

[FBIS Transcribed Text] Planning for the defence of Australia into the 21st century is arguably the most formidable long-term intellectual, strategic, economic and technological challenge facing the new Federal Government.

Despite the current fairly benign regional security environment, profound long-term uncertainties are emerging as economic growth and national assertiveness reshape the relative power of Pacific Rim nations and their relationships with each other.

At the same time, complex new issues are coming on to the global security agenda issues like economic competition, access to scarce energy and food resources, environmental degradation, mass population movements, global crime and terrorism.

And what soldiers like to call RMA — the mind-boggling technological Revolution in Military Affairs — is forcing fundamental reappraisals of traditional military force structures, strategies and requirements, and even of the future nature of warfare itself.

Given these developments, the new Defence Minister, Mr Ian McLachlan, is unlikely to have the fairly relaxed life enjoyed by many of his recent predecessors.

In the uncertain multi-polar post-Cold War world he will face tough decisions involving often bewildering and mutually reinforcing economic, strategic and technological problems.

Judging by Mr McLachlan's early post-election pronouncements, the Government's approach to strategic security is broadly realist, in that it focuses primarily on maintaining Australia's relative regional power and allegiances.

The \$10 billion [Australian dollars] annual defence budget is the one area of government spending effectively insulated from cuts, and the Government wants to increase the amount spent at the so-called "sharp" end of the Australian Defence Force [ADF] and to trim its considerable bureaucratic tail.

How or whether this resource shift will be achieved remains to be seen. Heeding the advice of Australia's tougher-minded defence academics, and his generals, Mr McLachlan has declared his first priority is to ensure that by the year 2000 the ADF will be a truly joint organisation with increased combat capabilities and able to deliver a greater "combat punch".

That objective implies Mr McLachlan's unspoken acceptance that greater threats are likely to emerge for Australia over the next 15- to 20 years, but there are important factors in his favour as he takes charge of the Defence portfolio.

First, the ADF is led by professional well-educated and respected senior officers supported by strong departmental and academic strategic and intelligence analysts. A major study of Army technology in the 21st century is underway, but it is moving slowly.

Second, the ADF is in a state of organisational and equipment transition that will improve its command structure and its combat capability.

On the command front, the three services are to be coordinated by the year 2000 by a new Commander Australian Theatre at integrated headquarters, probably near Canberra.

On the equipment front, the Navy is acquiring new submarines, frigates and minehunters; the RAAF [Royal Australian Air Force] is upgrading its F-111s and Orions, and considering a new lead-in fighter; the army is acquiring new light armored vehicles and upgraded communications.

Less successfully the ADF is struggling to complete the important Jindalee Over-The-Horizon radar project.

These developments flow from the emphasis placed by the Hawke and Keating governments — especially by Defence Ministers Beazley and Ray — on developing a self-reliant Australian defence bolstered by the alliance with the United States and New Zealand, the Five Power Defence Arrangements, and now the security treaty with Indonesia.

The future challenge facing Mr McLachlan and the ADF was summed up succinctly by Dr Stewart Woodman, of the Australian National University's Strategic and Defence Studies Centre.

"The essence of the problem", he told a recent seminar on Asia-Pacific security, "is that both the political and economic context within which conflict might occur and the very tools for conducting warfare have all been tossed up in the air at the same time." An important part of the political-economic context is the dynamic economic growth now reshaping the Asia-Pacific rim.

Given current trends, China, India and Japan will, with the US and the European Union, be the world's great economic powers within the first quarter of the next century.

This growth and these shifts are already resulting in rapid military force modernisation throughout the region as increasingly affluent nations use their new wealth to buy better weapons.

How to maintain a technological edge is already a major consideration of Australian defence planners.

Far more complex political questions about traditional alliances could emerge for Australia as relative US power declines with the rise of China and Japan.

Recent papered-over trade tensions between the US and Japan suggest Australia could face hard long-term choices about where its ultimate economic and strategic interests lie as its engagement with Asia continues to broaden and deepen.

Moreover, seemingly endemic uncertainties on the Korean peninsula, China's aggressive assertiveness towards Taiwan and in the South China Sea, and the uncertain future of Pacific Russia all loom as difficult issues for Australian defence planners contemplating possible future alliance obligations to the US.

As these and other political/strategic issues emerge against the background of the collapse or dilution of socialist command economies, peculiarly post-Cold War economic and social phenomena are also appearing.

Dr Mohan Malik, Director of Defence Studies at Deakin University, pointed recently to the erosion of traditional notions of State sovereignty by economic globalisation and global communications and technology at the same time as religious, ethnic and cultural separatism are tearing many nations apart.

At the same time, economic competition, competition for energy and food resources, transnational environmental degradation and refugee flows are all coming to the forefront of the defence planner's consciousness.

Brigadier Peter Cosgrove, commandant of the ADF Warfare Centre, recently asked a seminar whether a State-sponsored computer hacker's attack on a State's vital banking information system should be factored into the spectrum of conflict articulated in military doctrine. If so, how to respond?

The so-called Revolution in Military Affairs offers military commanders, for the first time in the history of warfare, the prospect of having a total complete picture of the battlefield on which their troops are engaged.

Improvements in communications and navigation equipment, combined with analytical computer software give a commander what retired US Army Brigadier Harold Nelson calls "unprecedented ... real time knowledge of his subordinates' status and immediate prospects."

Brigadier Nelson told a recent defence seminar in Darwin: "Military operations will always be large, but the ratio between combat and support may be changing dramatically.

"Industrial age warfare was lots of men with lots of machines using lots of stuff. Information age warfare improves precision, reducing the requirement for masses — of men, machines and stuff."

The down sides of information age warfare, as Dr Woodman pointed out, are that control of escalation will be more difficult, nuclear capabilities will tend to be brought back into the fold, and escalation could occur very quickly.

In what amounted to a sceptical rejoinder to Mr McLachlan's concern with "combat punch", Dr Woodman noted: "... operational effectiveness will depend on the performance of combat support capabilities — surveillance, intelligence, command and control, and mobility assets in particular rather than the volume of firepower at the point of decision."

New Zealand

New Zealand: Daily Previews Impact of MMP Electoral System

BK2007092896 Christchurch THE PRESS in English
18 Jul 96

[Editorial: "MMP and Foreign Affairs" — received via Internet]

[FBIS Transcribed Text] Tim Fischer, Australia's Minister of Trade and Industry and Deputy Prime Minister, said in Christchurch this week that Australia would be watching carefully the outcome of the first MMP [mixed member proportional electoral system] election in New Zealand. It was a reminder that the October 12 poll has foreign as well as domestic implications. Mr Fischer was interested primarily in the effect on CER [Closer Economic Relations]. He was hopeful that the trade pact would not be affected, and his hopes are probably well-founded. Trade in goods probably will not be affected, but there are other ways in which the relationship with Australia, including the trading relationship, might change.

The trade in goods is well-established and bound by entrenched rules. The trade in services is less well-established, although whether one or another political party would want to undo the progress that has been made in that area remains to be seen. Investment is the likely difficult area. The possibility also exists that foreign policy and security concerns will be affected by MMP.

Because of the closeness of New Zealand's ties with Australia, that country is likely to take the greatest interest in the election. The changes, however, will have implications further afield than Australia. Jim Anderton, leader of the Alliance, this week called for a review of the costs and benefits of all our trade agreements. He was calling for a review, not changes in trade policy or agreements, although the drift of his remarks was that some of the agreements might be having an adverse effect on many New Zealanders.

There is nothing wrong about raising the issue, and trade agreements should certainly bring advantage to the country as a whole. A review would, however, cause concern among the countries with which New Zealand

has trading agreements, and among the countries with which New Zealand is associated in regional or world trading groups. Of course an examination of the costs and benefits might clear the air but the issue might not be examined objectively and a degree of uncertainty might be generated.

Another obvious way in which New Zealand's external relations might be affected by MMP is through the influence of Winston Peters, leader of New Zealand First. Mr Peters has modified his view that foreign investors should shed holdings above 24.9 per cent. Nevertheless, some alarm would arise among foreign investors should Mr Peters gain enough power to influence foreign investment policy.

The political parties have not all spelled out their positions on foreign trade, investment, and security. Presumably National would maintain present policies. Labour might preserve most policies, particularly trade policies, but would be unlikely to take up the option of buying more frigates. It might also attempt to distance New Zealand from Indonesia and to wind up participation in the Five- Power Defence Arrangements. The Alliance's attitude might depend on which parties within the Alliance were best represented. Some of its members have radical views on free trade, relations with Australia, and neutrality.

One way or another, New Zealand politics is likely to go through a period of upheaval after the election. Much of the upheaval is likely to be domestic, but some is bound to affect our external relations. Australia, for instance, is used to dealing with a New Zealand with a stable government. New Zealand governments have been firm negotiating parties because they commanded a majority in Parliament. Their word could be relied on. If a government is in a coalition, or in a minority, there will be less assurance. The centres of power will be different.

There would be advantages for New Zealand were its politicians to contrive a non-partisan foreign policy. This is possible, but probably not in the first years of MMP. The upheaval caused by the new electoral system will not last forever, although it might persist for an election or two.